App. F. IX-4

1936-7
(97)

File No. 97-36
Serial Nos. 1 to 2

Previous References

7 76 33 (1-2)
1 37 2 (1+3)

Letter References

G.F. Def. 750/46.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Two

Part B for March 1937.

SUBJECT.

Inspection Report of the Railway Police Office

8(2) To the Commandant G.R.P.
" Inspector Khyber Malakand Rys
" General Manager N.W.Ry
No. 71 5820-2 of 7/3-37.
Records re report of the Police Office

WD 0295—GPB—22,500—1/38-37

GENERAL AND REVENUE SECRETARIAT.

(G.R.)

NOTES.

File No. 9 7 - 36

FILE HEADING.

Inspection Report of Railway Audit Offices.

FROM The Comptroller

No. 367/BII Dated 15/7/36 Received

Diary No.	Enclos.	Spare copies	Serial No.

BRIEF ABSTRACT OF LETTER

Forwards the report of Inspection of Railway Audit Offices conducted by the Comptr.

NOTES AND ORDERS.

I

As stated by the Comptroller, this is the third inspection of the Ry Audit offices, under an existing order of Govt which requires such an inspection once in two years. (G.F. 37-22-3)

The first few pages of the report indicate in brief the reasons of action necessary in the Audit Offices locally. The instances where

NOTES—First Sheet

Inspection Report of the Ry Audit Office

G.I. File No. 97 of 1936. General and Revenue Secretariat

the Comptroller points out references already made to Govt. the action taken in the Secretariat is indicated in pencil on the margin.

Regarding the internal improvements suggested, the Comptr states he expects a report from the Auditor.

There are other points in the report on which the views of the Ry Administration depts are necessary.

The section on "Stores", Cost of the Stores Dept, and Depreciation fund raises important issues.

Adjustment of old outstandings, Accounts of Materials - P.W. Stores + other equally important items indicate the necessity of attention on the part of the Depts of Railways.

Will be sent to the Ry Secy for favour of obtaining the Agents' remarks.

The report is a long narration + it is the order of a "summary" of points for orders may not be called for from the Comptroller for further proposal, as was done in 1922 the "Gist" of last report. The summary would perhaps be necessary before done in the Comptr's office. Then here

1 The report may be sent to the Secy for Railways for remarks, as on previous occasions.

7/2 Secy)

Railway Secy with compliments

10

RAILWAY SECRETARIAT G.O. 71 17 FEB 193 GOVERNMENT OF MYSORE

Secretariat

Serial No.

11. The Financial Secretary has forwarded for remarks the inspection report on the Railway Audit Office by the Comptroller. The report is a bulky one dealing mostly with accounting and procedure instructions to the Auditor and it is not known on what exact points the remarks of the Administrative Secretariat is necessary. Hitherto the procedure was to prepare a brief summary on the points on which orders of Government were required and this has not been done this time. It would facilitate if one such summary is also forwarded in this case as pointed out by the Financial Secretariat in para 8 of notes.

12. If approved the file will be referred back the Financial Secretary for favour of obtaining from the Comptroller a brief summary on which orders of Government are sought.

Subd
27/2

13/No objn.

27.2.37

27.2.37 (Financial Secretary) (CT

~~Draft to be sent to Comptr:~~

(5) The Comptr will be requested separately to arrange for the preparation of a summary as desired and above. In the meanwhile it is for orders whether the Rly Secty may not be requested to obtain the Agents'

Subd for orders (Rly Secy)

3.3.37

If 'A' may be done

WD C417—GPE—80,000—8-9-36

File No. 97 of 193 6 | General and Revenue Secretariat

Serial No.

Refer. Paras 11 to 15. above.

(13) The file was submitted in person to the Comptr., who has kindly promised to arrange for the despatch of a summary.

(14) Meantime, this work be sent to the Ry Secty for action after obtaining the Agent's views on the report, as ordered at Para 17

Do to Ry Secty.

13/4

(15) Forwarded, with compliments, to the Agent, Nagpur Ry., for favour of remarks.

for Secretary for Railways
Govt of Nagpur.
14/4

9270

RAILWAY SECTT.
No. V.O.86.
Date 12.4.37

RAILWAY SECTT.
No. V.O.86.
Date 14-4-37

OFFICE OF THE AG
APR 16

Serial No.

21) I regret having kept the file for quite a long time, and it is partly due to the pressure of work in connection with the taking over of the new Lines and partly due to the voluminous nature of the report that required careful study and analysis.

22) A summary of points relating to the Audit and the Departmental Offices has been made out, and against each one of the points relating to the Departments, I have given my remarks.

A g e n t,
Mysore State Rly.
14th. Febry., 1938.

V.O No 126
22/2/38

Railway Secretary
with compliments.

RAILWAY SECTT:
No.
Date 23.2.38

L3 The Agent's remarks on the several points mentioned in the Inspection Report are at Slip U.

This may now be referred to the H. Sectt. for necessary further action - vide para (8) of Notes.

SECRETARIAL SECTT.
D.No. H.S.S.8/A
23 FEB. 1938

RAILWAY SECTT:
No. A.O.43
Date 24.2.38.

NOTE—Contn. Sheet.

H. Sectt. etc.

WD 2353—GTB—7,000—12-4-40

Comptroller's Inspection Report of the Rly. Audit Office

General and Revenue Secretariat | File No. 97 1435/36 of 1936. | [App. F., III—2

Serial No.

Refer. Paras 15 to 19 Supra.

To look now. If approved, be sent to Comptr for Note & remarks, if any on the Agents' observations.

2) Furnishing a summary of points on which definite orders of Govt are required

3/3

7 Yr cpl 5/3

To Forwarded with compts to the Comptroller to get for favour of remarks

Rly.

COMPTROLLER'S OFFICE 5 MAR 1938 680 BANGALORE

Rly.

C.P. Ramaiah for H. Secy to Govt

MR 5-3-38 No. 141/RR dt 31-8-38.

U.O.No.Rys.198. Dated 31st August 1938.

To Returned with compliments.

2nd My further remarks on the observations made by the General Manager are noted against each item in the enclosed statement for final orders of Government.

3rd An extract of items relating to audit and accounts on which action has still to be taken by the Auditor has been forwarded to him with this office letter No. 71/9 Rys. dated 15th July 1938 and his reply is awaited.

FINANCIAL SECRETARY 31 AUG 1938 GOVT OF MYSORE

M. Vinayaka Rao

Comptroller.

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—13-8-37

SNS)

31/8/38

Comptr's Inspection Report of the Rly Audit office

G. File No. 97 abstracted of 1936. | General and Revenue Secretariat

Refer Para 27

Please see submission of remarks in the Fabrikan Stk.

After orders are passed, a G.O. will be issued accordingly.

" Vide Statement.

H. Secy.) 8/X 10.10.38

" Vide remarks in Statt 13.10.38

35 Chief Secretary) 8/X

for perusal. 36

Dewan (thro' Jail Secy?) 27.10.38 27.10.38

28-10-38

Draft Subd.

(illegible)

Few Secy) For perusal before issue

(1st Mr)

Issue 27/21/38

Please verify and compile.

Dictum Mean CPR 29/X

2878

6/10.

FEB 21 1939

No. 6627

RAILWAY SECTT.
No.
Date 14.10.38

14/10

RAILWAY SECTT.
No. 240.R.S.31.
Date 27-10-38.

129.

1435-/36

General and Revenue Secretariat | File No. / of 193 . | [App. F. III—2

Serial No.

The financial Sects files are placed below.

JB 31/3.

Fl. Sects)

Item 7 of Pri Cro. — G.M's powers of hiring rolling stock — ~~It has since been decided~~ This matter is being separately pursued by the Rly Sects. This may be recorded.

1/4

1/4

NOTE—Contn. Sheet.

WD 0544—GPB—30,000—2-9-38

C.F. 97-36-1

In reply please quote reference to No. 367/38

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated 15th October *1938*.

FINANCE
21 OCT
No.

FROM

A. N. RAGHAVACHAR, ESQ., M.A.,
Comptroller to the Government of His Highness the Maharaja of Mysore,
Bangalore.

To

S. Shamanna Esq., B.A.,
Financial Secretary to the Government of Mysore,
Bangalore 1435

SIR,

I have the honor to enclose herein my report on the Inspection of the accounts of the Railway Audit Office. This inspection is the third of its kind, the other two earlier inspections having been conducted by Mr. Satyaraja Chetty and Mr. Shamanna, the previous Comptrollers in the years 1922 and 1932.

2. A period of about 14 years has elapsed since the formation of a separate Railway Audit Office. During this period the activitie of the Railway Department have gradually increased. The mileage of Railways worked by Government has increased during these years as a result of the resumption of the Bangalore-Mysore Section and the construction of the Mysore-Arsikere and other minor sections. Further addition to this open mileage the accounts of which are subject to audit check will be realised in the year 1938 (January) when the working of the Bangalore-Harihar and Bangalore-Hindupur Sections will have to be resumed by Government from the Madras and Southern Mahratta Railway Company Limited. It is necessary now to take stock of the existing defects, if any, in the organisation and working of the Railway Audit Office and to devise suitable measures to deal adequately and efficiently with the expansion of work that will arise on the retrocession of the old lines worked by the Company.

3. I have also subjected the working of the various sections in the Railway Audit Office to a general scrutiny by the Government of India Accountant Mr. A. Duraiswamy Iyengar under a controlled programme. His opinion has been obtained on certain important questions affecting Railway Accounts and Audit and separate action is being taken on his individual reports.

4. As regards the present working of the Railway Audit Office, I have to mention that on the whole the working is fairly satisfactory. Arrears of work are however noticed in certain sections about which detailed notes have been given to the Auditor for further action in the light of a further examination to be made by him and his proposals are awaited. Certain improvements in the state of work and existing rules are considered necessary by me as noted below and are pointed out in the enclosed report and Government have been addressed separately wherever necessary.

(i) The rules in the existing Railway Codes have to be revised in several respects with reference to the existing procedure and in the light of the Government Orders issued from time to time subsequent to the compilation of the Codes. Sectional manuals showing in detail the work that has to be done by each clerk have yet to be compiled. It was noticed particularly that audit of outlay on stores issues, chargeable to works has to be rendered more efficient in the light of the procedure laid down in the various office orders issued from time to time and the absence of a regular manual including all these points has to a certain extent militated against checks being properly known or enforced. If a manual is compiled all subsidiary instructions could find a place therein and the Railway Auditor has been requested to send up detailed proposals. Government will be addressed separately in the matter.

(ii) The inspection of the Railway Audit Office has to be done regularly in future with a qualified staff in my office (Vide my letter No.335 dated 12-6-1936 addressed to Government) Such inspection will have the natural tendency of keeping down arrears.

(iii) The Audit of the accounts of Stores and Workshop whose operations will increase after the resumption of the worked lines, has to be improved (Vide my letter No.338 dated 13-6-1936 addressed to Government). We may perhaps examine the question in detail just before or slightly after the resumption in 1938 when the total value of stores dealt with by the Railway Department would be known.

(iv) The audit of establishment bills has to be improved particularly with reference to audit against sanctioned scale and in the case of temporary appointments and also of Gazetted Officers (Vide my letter No.295 dated 5th May 1936 addressed to Government).

(v) The audit of works expenditure by sub heads and of accounts of materials at site and the post audit work of paid vouchers is not being done at present quite satisfactorily. The Auditor has been intimated to take necessary action.

(vi) The audit of miscellaneous earnings has to be improved and suitable suggestions have been given to the Auditor.

(vii) A certain percentage check by the Superintendent and Gazetted Officer in charge, in respect of the Traffic earnings is necessary to ensure an examination by the superior staff of the fact of the work being turned out efficiently by the subordinate staff. Suitable rules will be framed and sent to Government for approval.

(viii) A regular and at least a periodical verification of compensation claims settled by the Traffic Manager by audi would be valuable though this is mostly a traffic matter.

detailed examination of the accounts of the Lost and Unclaimed Property Offices is also called for. Auditor has been asked to review the position and make necessary arrangement for arrears work.

(ix) Systematic verification of special debits and credits appearing in the station balance sheets and the clearance of station outstandings and the reconciliation of differences between the Traffic Book and Proof Sheets monthly are other important matters which have been pointed out to the Auditor in the Inspection Report.

(x) Certain old balances are outstanding in the books of the Railway Audit Office from a long time, unverified and unadjusted, about which the Auditor has to take action early.

(xi) The receipts of the Railway Department may in future be remitted to the State Huzur Treasury instead of to the Auditor, Mysore Railways, and this procedure has got several advantages. (Vide my letter No.358 dated 24-6-36 addressed to Government).

(xii) The staff of the Railway Audit Office are ill-paid and several improvements in the existing scale have been suggested by the Government of India Special Officer in his Inspection Note No.20 dated 14-4-36 a copy of which is enclosed herewith. I will examine ~~it~~ them in detail and send up separately to Government my suggestions as to whether what and if so, when remedial measures are required to secure efficient out-turn of work. The whole question in any case will have to be examined when the Bangalore-~~Hindupur~~ Harihar line is resumed and it is not known whether any Madras and Southern Mahratta staff will necessarily have to be taken over by us. A small modicum of reform which will give some measure of relief though in a very limited measure

has been submitted to Government with my No.353/Rys dated 25-6-36 on which orders of Government are awaited.

I have the honor to be,
Sir,
Your most obedient servant,

Comptroller

RAILWAY AUDIT OFFICE

Inspection notes on the accounts of the

Expenditure Section

1. Construction Accounts

Arasalu-Anandapuram Railway Construction

(a) Indirect charges

Whenever Construction Works are undertaken no provision is at present made for Indirect Charges such as the salaries of the Agent, Engineer-in-Chief, Auditor, Chick Store-keeper and of their offices and of the Medical Officer in charge of the Railway. A provision may be made and adjusted as laid down in Para 456 of Mysore Railway Code Vol.I in respect of a line which is partially open for traffic.

In respect of Account and Audit charges a provision of one percent of the Capital Expenditure incurred is made in the Construction Estimates. As this percentage is arbitrary and very inadequate a revised procedure in conformity with the procedure laid down in the Code is necessary. Otherwise the Capital Estimate will be benefitted at the expense of Revenue Account which is incorrect. All direct charges such as the pay of the Accountant given to the Division should be debited wholly to the estimate and this should not be included in the percentage levy. Other indirect charges should be adjusted as provided in para & 456 Mysore Railway Code Vol.I referred to above.

(W) Stores Accounts.

A balance of Rs 4250-15-0 is still outstanding under this account. Early action has to be taken to dispose

of the articles and realise their values.

As it is not desirable to close the Construction Estimate without taking the credit due for these materials they should be given some reasonable value by the Departmental Officers and the Chief Store-keeper and included in the Stores Accounts as part of the General Stores of the Railway. Although the articles have been received by the Chief Store-keeper they have not been given any values and adjusted.

Similarly several articles of the N.C. Railway Construction Division which has been closed in the year 1927 are still in the custody of the Chief Store-keeper undisposed of. Articles which were new then would have become old by this time and Government will be put to much loss by this procedure. A special reference to Government is necessary.

(c) Deposits

A sum of Rs 209-14-0 being the unpaid wages of labour charged off to work accounts at the time of closing the Constructions Accounts has been credited to Deposits in December 1934 and is still outstanding. The amount may be adjusted by credit to "Sundries" as no claims have arisen so far.

(d) Miscellaneous Advances

A sum of Rs 23 being the amount of freight charges recoverable from Mr. Devaraja Moodr when the Division was closed is still unrecovered and has to be recovered or adjusted early.

II - Open Line Capital Expenditure

(a) Expenditure over and below Rs 18 lakhs -

In paras 324 and 357 and 358-62 of Mysore Railway Code Vol.II Part I and Para 395 of Mysore Railway Code, Volume I, separate sets of rules are framed for expenditure over and below Rs 18 lakhs. In the case of the former, expenditure can be incurred only after the Construction Estimates for the whole scheme are sanctioned, whereas in the case of the latter, expenditure may be incurred against individual estimates sanctioned for works. The necessity for this distinction between these two classes of expenditure in Mysore ~~wk~~ with such high money limit is not clear. It is rarely that Project Estimates costing over 18 lakhs are sanctioned. The powers of the Agent are also limited only to works costing not more than Rs 5,000/-. A Project Estimate is also being prepared for works less than Rs 18 lakhs (vide Project Estimates like Arasalu Anandapuram Railway). The rules may therefore be suitably altered so as to observe a uniform procedure for all Capital Works and reducing the money limit of Rs 18 lakhs to say 2 or 3 lakhs for cases where a Project Estimate had to be got sanctioned before expenditure is incurred. This will enable Government to review the financial effects of the Project for a smaller amount as a whole, before sanctioning individual estimates (e.g) vide Workshop Expansion Scheme for about 11 lakhs for which a Construction Estimate has not been prepared and individual works are sanctioned.

(b)

(b) Works Register -

Although details of expenditure are booked by sub heads of sanctioned estimates, excesses under sub heads are not being reported and got sanctioned by competent authority (vide instancex in the margin).

Construction of New Waggon shop concrete Broken Stone in sand & motar

Amount of estimate	Rs 2,330-0-0
do expenditure to end of Oct.35	4,822-0-0
Excess	Rs 2,492-0-0

Steel Works

Amount of estimate	34,796-0-0
do expenditure to end of Oct.35	35,688-0-0
Excess	892-0-0

The authority for this procedure is stated to be C.S.No.43 dated 23rd May 1931 wherein it is stated that "the audit of expenditure against estimates will be conducted against the aggregate provision for the work or scheme and not against the separate estimates for sub works constituting the scheme. Thus even expenditure on works costing lakhs of rupees is audited only with reference to the total money limit. The very object of maintaining a Work Register in the Audit Office is because of the absence of an Audit Office Divisional Accountant in the Open Line Division and the necessity for the register being maintained by a qualified Accountant in the Audit Office. The register should therefore be maintained with the same care and detail required for its maintenance in the Division under the scrutiny of the Divisional Accountant. This object has been lost sight of in the present maintenance of this register in the Audit Office. A supplemental Estimate for Rs 27,000 had not been noted against the Original Estimate and the Expenditure was (without taking this Supplemental Estimate into consideration) very much more than (in one case four times) the original

original estimated provision under the Sub heads. There are excesses in this case even taking the Supplemental Estimate into consideration as noted above and the columns for quantity of work done have uniformly not been posted. The register under the present circumstances serves very little purpose. The authority for issuing this Correction Slip is not clear and it has to be immediately cancelled for the reasons furnished above.

As the Works Register (C=0.40) prescribes the necessary column for main and sub heads of accounts any excesses noticed under these heads should be immediately brought to the notice of the competent authority to sanction them by re-appropriation from other heads or otherwise.

(c) Work Charged Establishment and Special Sanctions

The form of the Works Register should be improved so as to admit of audit against work charged Establishment and Special sanctions as in parts III and IV of the Work Audit Register kept in the Civil Office for auditing P.W. Expenditure.

(d) Divisional Accountant

The accounts relating to P.W.materials are not properly kept in the offices of the Executive Engineers and the Monthly Returns are not received in time as spearately pointed out in the report of the Stores Section (~~vide paras~~).

The Executive Engineer, Mysore, reports in his letter No.593 dated 18th October 1935 that there are

are discrepancies in the accounts of P.W.materials for 1926 which remain unremedied owing to various reasons - the Store Clerk's illness and subsequent demise and delay in getting qualified permenant clerks in his place. The reports of the Stock Verifier are not promptly attended to e.g., reports sent to the Executive Engineer, Hassan, with letter Nos. 1462 dated 5-6-35, 1581 dated 24-6-35 and 100 dated 17-7-35 are not yet replied to. The accounts of the various Sub Divisions have to be checked and consolidated in the Division Office by a qualified Accountant before the consolidated return could be sent to the Audit Office. Measurement Books Stores Issue Notes, Ballast Accounts, materials at site accounts and the original records have to be verified by an Accountant in the Division Office. In order to discharge the duties satisfactorily and assist the Executive Engineer in all account matters generally, a Divisional Accountant duly qualified may be posted from the Audit Office as required in para 197 of the Mysore Railway Code Vol.I and as in the case of P.W.Divisions. This practice is in vogue in other Railways also. In its absence Measurement Books should be obtained in the Audit Office and checked before each work bill is passed for payment.

(e) Materials at site Account

According to para 964 of Mysore Railway Code Vol.I the Permanent Way Inspectors must maintain "Materials at site" accounts in Form No.S.21 in order to show the transactions of large

quantities

quantities of materials charged to works but not immediately used. These accounts were not being received till recently in the Audit Office and verified. Arrangements should therefore be made to check the correctness of the Opening Balance now received. These accounts have to be checked in detail. Vide instructions in para 630 and 631 of the Government Examiner's Office Manual which may be incorporated in our Railway Code Vol.II.

(f) Ballast Accounts

Heavy expenditure is being incurred for Renewal or Improvement of Ballast on the various lines (vide Appendix 2 of Authorisation Rolls of 1934-35 and 1935-36). The rules in para 593 to 596 of the Mysore Railway Code which are included in Chapter IV relating to Construction Accounts should ~~also~~ be made applicable to Open Lines Works also. As required in para 596 of the Code ~~of~~ the stock should be verified atleast once a year and a certificate of the balance and report of the results of verification obtained in the Audit Office from the Executive Engineer.

Ballast

Heavy charges are incurred under 'Ballast' after the opening of the Railway and although under the rule in para 449 VII of Mysore Railway Code Vol.I no such charges will be debitable to Capital One half of the cost incurred in certain Sections is debited to Capital, on the ground that the work involves an improvement as ~~well~~ well as Renewal or Replacement Vide G.O.No.1897-99 R.189

dated 4-11-35 and 2377-79 Ry 18 dated 6th June 1935 As such works may be undertaken in future also, on the same or different sections a record may be kept in the Divisions showing the original quantity and cost of ballast on each mile or section when the line was first constructed and the subsequent additions in quantity and cost. A maximum limit of admissible ballast which can be regarded as an improvement chargeable to Capital may also be got fixed and the Audit Office may verify whenever such estimates are received, that this maximum limit is not exceeded.

A monthly materials at site account in respect of such ballast may also be obtained in the Audit Office monthly and verified.

(g) Allocation of charges between Capital Revenue and Depreciation Fund

After the introduction of the scheme of a "Depreciation Fund" for our Railways the charges debitable to this account have been deferred ~~kx~~ in G.O.No.R.S. 1969 dated 1st May 1933 and No.R.S.396-98/Ry.F. 141 C.L.35-36 dated 16th August 1935 tentatively till 1938. Although the Government of India have introduced elaborate rules of adjustment ~~(vide paras of the Government of India Audit Code)~~ it has been pointed out in this office U.O.No. dated that the existing rules may continue subject to a periodical review of the position of the fund say once in 5 years. It was also suggested that the Agent may keep a proforma account showing the remaining period of life

of

of the various assets and the renewals that may be necessary in future. It is desirable that the Agent reviews the position immediately and gives a programme of the cost of renewals and replacements that may be expected during the next five years with reference to the existing condition of the various assets. With reference to this programme, the sufficiency of the contribution of Rs 5 lakhs now made every year to the Depreciation Fund can also be scrutinised. This important work has to be attended immediately, as otherwise in future years when heavy renewals and replacements are required they will have to be met out of Revenue owing to want of funds at credit of the Depreciation Fund and the Revenue Budget will be upset.

Taking, for example, the expenditure of the last 5 years it is seen that the charges debited to Depreciation Fund on account of Renewals and Heavy Repairs under the Loco, Engineering and other Departments (noted in the margin) vary abnormally from year to year and there will be certain years when a heavy programme of renewals may have to be undertaken by Government. It should now be scrutinised with reference to the existing condition of the assets whether the same or a smaller programme of expenditure than at present and in the past may be expected in the next 5 years and whether there will be any particular year or years when a large

Abstracts

	A.	B.	C.	Total
1929-30	7,09,281	1,36,722	58,433	9,04,435
1930-31	5,69,896	1,48,362	49,552	7,67,810
1931-32	- 41,940	- 97,856	87,864	1,43,780
1932-33	14,166	87,606	1,50,158	2,51,930
1933-34	93,721	1,43,982	1,72,078	4,09,781

large number of wagons and Coaches or Permanent Way Materials may have to be renewed and extra provision will have to be made out of the ordinary Revenue Budget.

Whereas in the Government of India, Depreciation Fund will be debited only when the entire wagon coach or Locomotive or boiler is renewed, the procedure in our Railways is to Debit in addition to such Renewals, Heavy Repairs also exceeding a certain money limit of Rs 2500/-. Under our rules, a larger annual contribution to Depreciation Fund and a detailed periodical scrutiny of future expenditure under both classes i.e., Heavy Repairs as well as entire renewals is necessary. The opinion of the Agent may be obtained in the matter.

(i) Rail-Motors

Rail Motors which were purchased a few years back at a total cost of Rs 12,116-13-2 are not working at present and their cost forms dead capital. A similar item of dead stock in the workshop is reported ~~in para ——— of~~ the Inspection Report of the Workshop by the Auditor. Such items on all the Ry under Rolling Stock, Coaches and Wagons, Machinery Siding etc may be required to be listed and reported by the Agent to Government and periodically (say once a year) reviewed with a view to arrange for their disposal or utilisation. They should be brought into ~~only~~ of condemned stock. A copy of the list may be furnished to the Railway Auditor.

(j)

(J) Assisted Sidings

Works such as assisted sidings are undertaken on behalf of private parties and suitable rules have to be framed as in the Government of India Railway Account Code ~~Vide Paras~~ as to the amount chargeable to those parties An estimate for Rs 3440/- was sanctioned for providing a siding for Coffee Curing Works at Mile 100 M.A. Railway and the expenditure incurred to end of September 1935 was -- Rs 1194-0-4. According to the rules in the Government of India the parties have to pay annually interest and - - Maintenance charges on the cost of the siding borne by the Railways and also siding charges for every wagon. The correspondence with the parties does not show that these - conditions have been imposed upon them. It is necessary to send them due intimation immediately and get a proper agreement executed by them in the matter.

A similar work has also been executed in previous years for the Mysore Sugar Company Ltd. A register of special recoveries should be kept in the Expenditure Section to watch the annual recoveries of such items of receipts.

(k) Purchase of three ten ton cranes in place of three 5 ton cranes -

The cost of the new stock is Rs 66020/- and the cost of the total old stock is Rs 12,688/-. The new price of - - Rs 66020/- is adjusted half to Capital and the remaining half to Revenue, so that the balance at debit of Capital is now only Rs 12,688 plus 33,010 i.e. Rs 45,698/- which is less by Rs 20,322 than the actual price of Rs 66020 which has been paid for the new cranes. It is not clear why Capital Account should be depreciated to the extent of Rs 20,322 although we h have got new assets on hand worth Rs 66,020 and in addition th old cranes which if disposed of or scrapped may fetch some value. In this case the rules in Para 451 of Mysore Railway Code regarding improvements to " Goods Stock" have been applied. This

This rule probably applies only to Improvements effected to existing wagons and not to fresh purchases of cranes. The adjustment has to be effected according to Para 450 (2) of Mysore Railway Code Vol.I i.e. the whole cost of the new work will be charged to Capital and that of the original work which may be estimated if not known will be written back from Capital to Revenue. Necessary adjustments may heave to be effected with Government sanction.

III Workshops

(a) General Scheme of Expansion

Government have decided upon a general scheme of gradual expansion of the Workshops at an estimated cost of about 11 lakhs. Although the estimates as a whole has not been sanctioned with reference to the necessity for the expenditrue and its financial effects on the earnings of the Railways and sanctioned by Government heavy grants have been allotted each year during 1933-34, 1934-35 and 1935-36 and individual works have been sanctioned and executed. It is desirable that a Project Estimate for the scheme as a whole is considered, & Sanctioned.

(b) It is also desirable that the working of the Workshops is reviewed once a year with a view to ascertain whether the out turn is satisfactory, and the cost compares favourably with the cost in other workshops or in the market for similar new estimates and whether all the fixed and floating assets are necessary for the working or any of them is idle and dead stock and whether further addition to the fixed assets is necessary and will improve the working of the Railways, and whether the percentages of 5 per cent and 8 per cent fixed in the rules for supervision and interest and depreciation on buildings and Plants is sufficient.
For this purpose, the Loco Department may prepare a proforma Capital and Revenue Account separately for the workshops as a unit at the end of each year and this will after check by the Auditor be included in his note on the Capital and Revenue Accounts and Analysis of Working of the Mysore Railwa

and reviewed.

(c) The total capital expenditure already incurred on the workshops will have to be ascertained and classified under the following heads of fixed assets and future addition to the workshops shown against each head for purposes of proforma account.

(a) Buildings
(b) Plant and Equipment
(c) Sidings
(d) Furniture and Fittings
(e) Tools.

Floating Assets may be classified as follows :-

(a) Stocks and Stores
(b) Spare Parts
(c) Works in progress

The Revenue account will show the expenditure by Abstracts A to G of the Authorisation Rolls and Establishment charges less recoveries from private parties and other depart ments. The figures of the previous 5 years under all these heads may be given in the Capital and Revenue Account for comparison and review.

An inventory of all the fixed assets will have to be kept in the workshops.

(d) A Capital and Revenue Budget with fuller details than are available at present may also be prepared for the workshops at the beginning of each year, and got sanctioned by Government, as in the case of Central Stores. This will show the total provision under "Stores, Labour, wages and over-head" for each Shop, establishment, (i.e. Superintendents, Foremen, Accountant and Clerk) Contingencies "T.A. Lighting, Water charges, Provident Fund Bonus and Gratuities etc. and their distribution over the heads of Authorisation Rolls. A scale of labour and establishment charges may also be fixed. The total figures therein will of course agree with the corresponding provision in the Capital Budget for the Railways and in the Authorisation Rolls.

(e) The major portion of the Expenditure in the Workshops relates to Renewals and Replacements or heavy and light repairs to Rolling Stock i.e. Locomotives and Boilers and Carriages and Wagons. An effective check over this expenditure will be possible only if a separate detailed Rolling Stock Programme as in the Government of India (Vide Railway Board's letter No 6273 F dated 22-6-1932 and para (g) of the Government Examiner's Office Manual of Instructions) is framed with reference to authorised stock on each section reductions of stock and stock condemned but awaiting replacement and the particular stock for which heavy or light repairs will be required in the next year in accordance with the programme of heavy repairs once in 2 or 3 years specified in the note attached to the G.O. No. R.S. 396-98 Ry 141 O.L. 35-36 dated 15-8-35.

' heavy lumpsum provision shown in the Authorisation Rolls (Appendix E) under Heavy Repairs to Locomotives and Coaching and Goods Stock should be supported by more details showing the particular rolling stock requiring heavy repairs in the next year. This programme should be reviewed and approved by Government before detailed estimates for individual works are sanctioned by Government or other officers and provision is made in the Budget.

To illustrate the position it may be mentioned that the Loco Superintendent has sent up to the Railway Auditor in September 1935 an estimate for heavy repairs to Engine No. F.M. 73 M.G. at a cost of Rs 6840/-. It was purchased 47 years ago and its original cost is shown to be Rs 17,549/-, and it was repaired at a cost of Rs 6919-9-0 two years ago. The Engine is reported to be due for condemnation (Vide Loco Superintendent's letter No. Nil of 20th Nov. 35) and it may be more economical financially to purchase a new engine or improve or readjust existing engines than to incur a heavy charge of Rs 6840-0-0 for repairs.

If all such cases are duly considered before the commencement of the year and a programme of new purchases or repairs is fixed by Government, Government may stand to gain -- financially.

(f) According to para 231 of Mysore Railway Code, Vol.II Part I, a statement in Form S.40 should be submitted to Government as soon as possible after the close of each -- calendar year, showing the cost of wagons built by Indian Firms for the Railway during that year as compared with the cost of obtaining wagons of similar types from England and erecting them in the Railway Workshops. This return is not being sent at present and may be sent in future in a slightly modified form as shown below :-

The rule in the Mysore Code is obviously extracted from the corresponding rule in the Government of India Railway Code which is framed to suit their requirements. But the Mysore Workshops can compare their cost with the cost of similar erection of repair in other Railway workshops in India, as well as with the cost of purchases from England. The statement may therefore show the cost of all erections and heavy repairs to the individual Rolling Stock in the Mysore Workshop or the Indian Firm as compared with the -- similar cost in other Railway Workshops in India, or fresh purchases from England obtaining quotations and market rate whenever necessary or possible. This return may be required to be prepared by the Loco and Carr. Superintendent and furnished to the Railway Auditor for being attached to the Capital and Revenue Accounts mentioned above and submitted to Government. A review of the entries in this return will show how far the Mysore Workshops have been working -- economically.

(h) Workshop Suspense Balance

The balance under this account as on 30-6-1935 according to workshop accounts is Rs 21925-3-11 whereas the balance in the Audit Office Ledger is Rs 19050-7-2. A list of outst.n/

outstanding items for the difference on this date has since been made out and the differences have to be verified and adjusted. This work has to be attended to early.

(i) Indirect charges -

The Government of India have increased their percentages charges for Interest and depreciation on buildings from 5% to 8% with effect from 1st July 1932 and the same procedure has been adopted in Mysore also. It should be verified whether the existing rate of 8 per cent in Mysore for these charges and 5 per cent for supervision does not require - revision by ascertaining and reporting the actual cost - - towards these charges during the last 5 years and the percentages thereof to the cost of work done in the Shop. This review may in future be done once in every 5 years by the Railway Audit Office and Government approval obtained for the continuance of these rates.

(j) Stores charges -

According to Para 857 of M.R.C. Vol.I, the estimates outlay on stores in the case of work done for other Railways and for the Public, is the book value increased by 10 per cent This charge is intended to cover supervision and stores charges etc. in the Stores Office and it is not levied on the Capital works on Home Line. In para 909, it is stated that in all cases in which stores are issued for Capital works (including Workshop Suspense) a charge of 7 per cent (since reduced to 5 per cent according to G.O. No. R.S. 973-75 Ry. F. 94 O.L. 27-1 -18 dated 16-11-17 and G.O. No. R.S. 1453-55/Ry F 94 O.L. 27-28 dated 19-1-28) will be added to the book value of stores to cover Indian freight and other Miscellaneous charges such as Insurance, Port, Loading, Yard charges.

The over-head and Indirect charges of the Central Stores will have to be debited to the various Capital and construction jobs in the workshops, A suitable percentage levy may therefore be fixed to cover the charges for supervision, storage contingencies on the stores issued in addition to Indian

freight and handling, which is being adjusted at present.

In calculating these percentages, provision should also be made for gratuity and Provident Fund Bonus charges of the staff.

In the G.O. of 16-1/27 quoted above the rate of 5 per cent was only sanctioned for a period of 3 years and on a subsequent report of results submitted to Government by the Railway Auditor at the end of this period.

Government have sanctioned the continuance of this rate till the Government of India revised their rates Vide G.O. No. 1736-38/R.F. 94 O.L. 28-29 dated 13-2-31). As a sufficiently long period has elapsed i.e. nearly 5 years the position may now be reviewed and reported to Government as in the case of other percentages noted above.

(k) Return of unused materials

According to para 101 of the Loco Office Manual, at the end of each month an inventory of the materials drawn for jobs in the workshops but remaining unused, has to be taken by each Foreman and the materials returned to Central Stores. A schedule of such returns giving reference to D.S. 8 Memo may be obtained with a certificate thereon along with the Account Current. Instead of following this rule, in the Manual, a standing work order for "Surplus Stores" is kept.

Till the procedure laid down in the Manual is followed the Concurrent Auditor may send a special review of the balances held under this work order.

(L) Deposits and Advances of the Workshops

The balances under Deposits and Advances as on 30th June 1935 according to the Workshop accounts and the consolidated account in the Expenditure Section differ as shown below :

	Balance according to Workshop Accounts.	Balance according to X Sec. Register.	Difference
Deposits including House Rent A/C	764- 3-6	(To be separately ascertained & verified.	(To be separately ascertained.)
Advances	2114-10-6	224-6-10	20-3-2) (Since Traced)

The differences under "Advances" have been since traced and have to verified and adjusted. The differences under 'Deposits' have yet to be traced and adjusted early.

House rent recovered in advance from employees of the Workshop is credited to "Deposits" and no detailed account of parties is kept in the Audit Office. The amount shown in the returns received from the Workshop once a year (Rs 313-12-0 on 31-12-34) does not agree with the amount outstanding in the Audit office books (Rs 373-6-0) and no reconciliation of the two figures has been effected. But repayments are being authorised against this unverified balance. The differences have to be traced and adjusted and detailed accounts kept in the Audit Office. The return may be received from the Workshop once a half year on 31st December and 30th June and agreed to with the Audit Office Accounts.

Concurrent Audit

(1) A register has to be maintained in the Section showing the issue and final disposal of Audit Notes by the Concurrent Auditor and important objections noticed therein noted in the register of points for Audit and Appropriation Report.

the following accounts of one month of one running shed or depot each month.

(2) According to Para 510 of the Mysore Railway Code Vol.II the local auditor is required to verify (a) Loco Superintendent's Office Coal and Fuel Accounts (b) Running Staff Accounts - Pay Sheets, Driver's Journals and Time Sheet register of drivers and (c) Running Sheds - Stores Accounts, Imprest Accounts. There is no check in the Central Office at present in respect of these accounts (Vide separate notes on the Stores and Expenditure Sections) As the local audit does not cover the transactions of all the sheds for all the months a proper scrutiny in the Central Office obtaining necessary records as suggested separately should be arranged for. Particular attention

will have to be paid for issues and repairs done to Foreign Railway Stock for which recoveries have to be effected from them by getting the Monthly Returns with proper details. This is also necessary for checking the monthly bills received from Loco Superintendent for repai to Foreign Railways stock executed by us.

Saloon Carriages for the use of H. H. the Maharaja and other State Officers.

In a case the Capital cost of the saloon is borne by the Railways (Vide G.O. No.501-93/R 76 G dated 3-9-34 and Government letter No. R.S. 957/71-4455-56 dated 18-11-35 sanctioning the construction of a E. Type Saloon charged to Capital) and it is understood that certain items have also been debited to General Administration. The cost of repairs and maintenance is borne by 'General Administration (Vide Rs 8508-3-2 detailed in March 1935 accounts). As the Railways are worked on commercial lines, the Government of India have framed detailed rules as to the charges recoverable from the Administration concerned towards Capital cost e.g. Interest and Depreciation charges on the Capital cost, cost of special - alteration and repairs made at the request of the Departme temporary alterations and improvements for the exclusive use of the Department etc., (Vide Annexure to Chap.X of the Gover ment Examiner's Office Manual). Similar rules for the recovery of these charges from the Department may also be framed and enforced or the Capital cost now debited to Railways may be transferred to "General Administration".

WORKSHOP ACCOUNT

A Superintendent of the Audit Office (originally a Gazetted Officer) is posted to the Workshop to assist the Loco Superintendent in all account matters and to compile the workshop accounts and returns correctly

His duties have to be defined in the Mysore Railway Code Vol.I Chapter V and he should be required as a Divisional Accountant of the Public Works Department to keep a record of objections raised by him and not properly attended to by the Department and produce it for the inspection of the Gazetted Officer of the Audit Office who inspected the accounts of the Workshop or forward them to Audit Office according to the procedure in Para 302 of M.R.C. Vol.I.

Concurrent Audit (Contd)

At present the duties of audit are divided between a Central Office Auditor and a Concurrent Auditor and separate Objection Memos and Audit Notes have to be issued by both of them. In the Workshop, the main audit, whether of labour or of stores, has to be done only in the local audit where all facilities are available to verify with Work Orders, Time Office records and subsidiary registers of Manufacturing Accounts, stocks of raw materials and finished products etc. and other important records and to enquire into and obtain personal explanations for -- objections. The audit in the Central Office at present is only mechanical, limited to totals and opening and closing balances of accounts and of little value. A work done by the Central Auditor will have to be redone by the Concurrent Auditor. The Muster Roll in which the totals are checked in the Central Office will have to be checked by the Local Auditor with reference to scale for each shop, rate of wages, time office records showing the attendance, and work orders to which the cost is debited. As regards stores, no check is exercised in the Central Office except agreement of total credit to stores with the debits raised in the accounts of the stores Office and the local auditor should verify the correctness of the receipts of stores and necessity therefor by comparison with the debits to work Orders and the Indents and account kept by the Foreman of each shop. The out-turn account

of manufactured products or the accounts of returned materials or cost accounts can only be checked during local audit efficiently. It is therefore suggested that the Central Office audit may be abolished and the entire work entrusted to the Concurrent Auditor, who may if possible be one of the Superintendents grade.

But certain facilities will have to be given to the Concurrent Auditor as below :-

(a) He is at present required to check the accounts of the District Loco Superintendent's Office at Mysore, in addition to Workshop Accounts and accounts of the Loco Superintendent's Office. As the Central Audit has been proposed to be strengthened in this respect and the office of the D.L.O. and Running Sheds have to be inspected by the Inspection Staff or Travelling Inspectors Of Accounts (Vide Para 165 M.R.C. Vol.II Part II) he may be relieved of this work.

(b) All bills required to be preaudited may be delivered to the Local Auditor by the Workshop, for being verified and forwarded to the Audit Office. He may attend to Central Office whenever necessary to complete the verification of balances, posting sub registers of Rolling Stock and to attend to Mis. correspondence relating to the Workshop. He may be given a Bicycle Allowance for this purpose as in the case of Commercial Audit Accountants.

Foreign Railway Repairs

W.O.58 Preparing spare parts to Fn. Ry.Vehicles
W.O.83 Repairs to stock pasting thro Birur.
W.O.84 Repairs to MSM Ry stock terminating at Birur.

The marginally noted Work Orders show the expenditure on repairs to Foreign Railway Vehicles. The outlay is transferred monthly to the final head C II (3) (Vide Mary 35 accounts). Some of these charges are recoverable (e.g. W.O.82) and no action has been so far taken to recover them. Such charges should be debited to Mis Advance or a separate suitable Suspense Head in the Workshop Accounts and - - recovery watched. They should also be noted in a re

Debits to W.O. No.83
Jany.35 66-11-0
March " 621-10-4
April " 158- 6- 0

Debits to W.O.82

Feb. 35 2-9-1
March " 3-10-10
April " 0-15- 0
July " 11- 8- 7

of special recoveries in the Audit Office for watching recoveries. All charges due on this account for previous periods should be ascertained and whatever amounts could be recovered, recovered from the Foreign Railways and competent sanction obtained for writing off the balance.

In respect of damages to Foreign Railways stock on our Lines (Vide Item covered by W.O. 83) for which the charges are to be borne by our Railways a statement may be obtained showing the debits to the Works Orders in the Workshops and the several Loco Kings Sheds and the loco during the last 10 years and Government Orders obtained for the write-off of the loss. A maximum limit up to which such losses may be admitted in audit without Government sanction or Agent' S sanction may be got fixed by Government.

In such cases an enquiry should also be made as to the circumstances under which such losses were incurred i.e. whether they were ordinary accidents on our lines or they were due to the defect in the examination conducted by the Train Examiner at Joint Stations in which case proper arrangements will have to be made to remove the defect. For example a heavy expenditure of Rs 621-10-4 was incurred in March 1935. The reasons may be enquired into in this case

Productivity of Capital Expenditure

In the Government of India the Railway Board have decidedthat tests to judge the productivity of Capital Expenditure should be applied to new works undertaken with the definite object of increasing earnings or reducing expenditure and to which such tests can be applied with advantage within 3 to 5 years of their completion (Vide Para 586

of the Government Examiner's Office Manual). As such work may not be large in Mysore, they may be completely listed and a report about the results of their working submitted to Government in the yearly note on the Capital and Revenue Accounts submitted to Government by the - - Railway Auditor and important points where the estimates have not been realised may be mentioned in the Audit and Appropriation Report.

A more important point in Higher Audit would be to examine the results of working in the light of the anticipation in the original Estimates from the works and to see whether the original estimates give such details.

NEW MINOR WORKS

An estimate No.32 dated 10-1-36 for Rs 118 for extending the heating circuit in S.O's Quarters at Vontikoppal Railway Colony was sanctioned by the Agent and expenditure debited to A (ii) iv. This cannot be a legitimate charge to Government. In the Government of India Kelvineters and Refriegerators in Officers Bungalows are considered articles of luxury and not of Necessity and Officers Bungalows have to make arrangements to provide themselves Club houses for the exclusive use of officiers, provision for Motor Garage for subordinates, provision for fowl-houses, sheds for cows etc. are also not considered to be legitimate charges for the Railways. Similar rules in the matter (Vide Para 432 of the Government Examiners' Manual) may also be introduced in Mysore.

Rolling Stock

A list showing Rolling stock authorised and constructed is being maintained and printed periodically. The values shown therein should be totalled and agreed with the upto-date expenditure shown in the General Books and Capital Accounts, explaining differences, if any.

The form of the list may also be -

to show full details of renewals, improvements etc., as in the M. And S.M.

Returned materials from works

At present the Expenditure Section exercises no check over such returns even though the estimates provide for such credits. Often times the returned materials would not have been sold even at the time the estimates are closed and Completion Reports have been received in the Audit Office. The Completion Report could show only the credit for such materials as have been sold on the date of its preparation. Each Auditor of the Expenditure Section should therefore keep a register showing the amou provided in the estimates, the number and date of D.S. 8 Memo. in which the materials have been returned to Stores or the Materials at site account in which the materials are retained by the Department, the credit on account of sales and the balance unaccounted for. For this purpose a D.S. 8 Memo should be sent to the Expenditure Section and other concerned audit Sections by the Stores Section for note and return. In the case of renewals and replacements say sleepers and rails etc. the auditor should also verify if the quantity returned is equal to the quantity newly placed on the line or used and proper explanation should be obtained for differences.

For example, the estimate for Rs 38700/- for renewal of track sleepers on M.A. Railway etc. sanctioned in -- 1933-34 and completed on 15-10-34 shows a credit of Rs 375 for released materials whereas the actual credit is only Rs 154-12-0 and the difference has not been enquired into.

Completion Reports

The Completion Reports are not verified properly with the expenditure booked in the Allocation and Works Register

For example in the estimate noted above, a provision is made under 'Labour charges for Rs 737/- whereas the expenditure booked in the register is only Rs 46-14-0. Such differences which may be due to misclassification or omission of adjustments and which if adjusted may affect the 'Savings' shown in the Completion report, have to be required into by the Audit Office before the completion report is accepted.

Residential Buildings

A Capital and Revenue Account of Residential Buildings may be prepared once a year as in the Civil Departments and submitted to Government either separately or as an Appendix to the General Capital and Revenue Accounts of the Railways.

The Register of Residential Buildings now maintained in the Audit Office does not show the 5 per cent Depreciation charges on Electric Installations recoverable from the employees. A column may be opened for this purpose and the amounts shown therein.

The rate of 4 per cent on Capital cost of 2% for workshop quarters now in force in the Railways is low and has to be raised suitably in view of the 7 per cent charge which is in force in the Civil Departments.

Rest Houses and Retiring Rooms

The following Rest Houses are used by officers free of rent .

Painter No.	Section	Capital cost.
No. 35	K.D. and B.G.L. Section, Kolar	4220- 0- 0
7022	Rest Houses at Bangalore	
	T.N. Tramway at Tadasa	300- 0- 0
7502	C.C. Railway, Chickjajur	3079- 0- 0
5574	Retiring Rooms Shimoga	8476- 0- 0

A Proper rent has to be recovered in all these cases as in the case of Travellers Bungalows as the officers are paid Daily Allowances by Government to meet such - - charges. A similar procedure is in force in the Electrical Department.

Each Auditor or a Central Auditor who watches the recovery of the charges towards rent and electrical installations as well as conservancy charges and water charges must maintain a Demand, Collection and Balance Register for these recoveries, the -- balance due at the end of each month being - - - - - - -- supported by details and arranged to be recovered in the next month.

Contingent charges, Stores issues and Coal issues. -

All charges appearing under these heads through the Stores Accounts are not being properly audited with reference to scale, sanctions, property of charge, etc, as separately pointed out in para of the Note on the Stores Return. This important work should be attended to by this section in the manner indicated in para of the Note on the Stores Section.

Adjustment vouchers. -

All other adjustment vouchers such as Freight Bills are also not scrutinised properly in audit.

"Not for Audit purposes". -

In the case of Appendicies B,C,F,G,I,J,K,Q,R,S and W appended to the Authorisation Rolls approved by Government a note is made that they are "not for audit purposes". The significance of this note is not clear. Whereas in some cases the payments are verified with the details given in the Appendicies during audit, in other cases this note is quoted as the authority for not auditing with such details. Audit will not be useful or efficient unless the payments are checked with these details. Although in some cases the Agent or other Subordinate Officers are empowered to alter the details, the Audit Office may obtain the sanction of such officers and verify payments. The words "not for audit purposes" may therefore be omitted in future Authorisation Rolls and the rules made clear as to the scope of audit over these details.

Stock Verifier's reports regarding Tools and plant, Loco Spare parts, furniture and Station equipment charged off finally to these Abstracts. -

These reports are not being properly dealt

dealt with with by this section and their disposal is long pending and is not watched regularly and the shortages are not reviewed or written off promptly (vide para of the note on the Stores Section). As suggested in para of that note, the section may alsp keep a register so as to show details of shortages noticed in the several reports received and pending final disposal and this register may be reviewed by the G.O. monthly. Necessary action should be taken to ascertain how many of such reports have so far been received and are still pending and early action taken regarding them.

Station equipment, Tools and Plant, furniture, clocks, etc. -

These artifles are also verified by the Stock Verifier and shortages and excesses are reported. But the Audit Office has at present no means of verifying if all fresh purchases have been taken to stock. Detailed records are not kept in the Audit Office. The Audit Stock Verifier should take the monthly summaries in which certificates of having taken articles to stock are furnished and see that all such articles have actually been taken to stock and record a statement to that effect in his Stock Verification Reports. The charges for additions as well as repairs and maintenance to these articles are now being booked under "E.11" Ordinary Repairs and Maintenance "Equipment" and sometimes to "Contingencies" and supplies of materials are debited to "E.III (2)" Fire, Lights and General Stores for Stations and Sheds", vide Issue Notes Nos.1128/201 dated 30-6-35 and 749/189 dated 16-8-35. A separate record of additions as distinguished from Repairs and Renewals should be kept by the Audit Office for verification with the yearly returns and a uniform and distinct head of account for debiting such articles should be opened in each Abstract.

Abstract.

Miscellaneous Advances and Deposits. -

Several old items are outstanding unadjusted. In the case Deposits Mis: several items are outstanding uncleared for over 3 years and they may be adjusted according to paras 96 and 97 of M.R.C. Vol.II , Part II.

The Form of the register in these cases (Form No.37) contains several unnecessary columns showing credits, debits and balances for each month. As each item of Deposit or Advance will be cleared by a single debit or credit, the form enclosed (similar to form No.37 A) may be used.

A proof sheet analysing outstanding items according to periods may also be kept.

If only separate Sub heads of account for the deposits are opened in the ledgers according to sections, a reclassification of the credits and debits now done by B.B. Section, according to audit sections will be unnecessary and may be dispensed with.

Demands Payable. -

Heavy amounts of 2 to 3 lakhs are generally outstanding under this account. This account is mainly intended to bring to account all outstanding liabilities of a Railway in a month and all salary and other bills pertaining to a month are credited to this head by debit to Final heads although the payments are made in the very next month. The net transactions under this head are also treated as part of the Working Expenses of the Railway in the General Government Accounts, and the total net grant for working Expenses is thereby based on a cash expenditure. Special arrangements will have to be made to clear the old heavy outstandings of nearly 2 to 3 lakhs every year under this head, some of the items relating to years 1929, 1931 and 1932. A heavy balance is ge-

generally outstanding under the head Cash Liabilities for June and previous months for which details are not regularly worked out and arrangements are not made to adjust old items under this heads regularly. The verification of the transactions under this head and agreement of figures shown in the General books has to be completed early.

Possible rearrangement of work and savings in cost.-

At present the section consists of:-

1. Superintendent.

3. Auditors maintaining Allocation registers A to G and auditing Contingent and Mis. Bills.

1 Workshop Central Auditor.

2 do Concurrent Auditor,

1 Construction and Open Line Capital Works Auditor and 1 Miscellaneous Clerk.

The cash bi ls passed by this section in the half year are noted below.

	No. of Bills.
January and August 1935.	543.
September 35	247
October 35	212
March 35	280
December 35	193

On the average about 250 bills (mainly consisting of water supply and Electric Bills, Imprest Accounts and Gang Rolls) are passed in a month. The work in this section cannot be considered to be heavy for a separate section and Superintendent compared with the work done in the Civil Audit Offices. Even in the Establishment Section the number of bills passed in a month is only about 150 to 170 (vide margin) on next week). Under these circumstances it is for consideration if a rearrangement of work resulting in savings is not feasable by combining the audit work of the Establishment and Expenditure Sections.

Cash and Pay Section.

1. Post Audit of Paid Vouchers. -

All payments of the Open Lines are made through the Pay Section and the "Paid" and "Unpaid" Bills are required to be completed in every respect and made over to the Clerk in the Books and Budget Section who is entrusted with the post audit of these vouchers. According to Para 174 of M.R. Code, Vol.II the Pay Clerks should not retain in their hands any bills for more than 15 days from the date of their receipt and should return them to the B.B. Section with the Lists of Unpaid Wages. These vouchers should be checked by the B.B. Section to see that they bear a proper receipt of the person in whose favour the payment was passed, that receipt stamps have been affixed wherever necessary and that each voucher is cancelled in some efficient and prominent way.

2 Audit of payments is done at this stage and it should be done as efficiently and completely by an independent agency unconnected with the Pay Clerks as if the payments were made by any outside department and objections pursued.

3 But this work is not being done properly at present. Several vouchers of the years 1924 onwards and even prior periods are not yet returned by the Pay Section to the B.B. Section and have not been post audited. It is not clear if any of these very old vouchers do not contain undisbursed amounts and we cannotsay whether all such undisbursed amounts have actually been remitted to the Treasury. As there is no other way of watching the remittance of undisbursed amounts to the Treasuries except through the returned bills this work is a very important thing. At present there is no adequate check or review on this portion of the work. All bills not returned wi

within a period of one month should be extracted from the C.O.7's and entered in a pending list which should be submitted to the officer every week and tothe Auditor once a month. The bills not received for two months may be taken to the Objection Book referred to below with their amounts under the Column - "Vouchers due" and further clearance watched through the Qbjection Book.

4 Objections raised by the Books and Budget Section in the returned vouchers (from the years 1924 on wards and prior periods) remain unremedied and proper action has not also been taken to get them remedied either by addressing the firm and getting the required receipt or correcting the voucher suitably or obtaining the approval of the Auditor for waiving the objections. These objections and their clearance have not been reviewed periodically by the Gazetted Officer.

5 Several bills are not yet returned to the Records Section. Detailed list of such vouchers are prepared on which further action to trace them and file them after proper audit has to be taken. This work is heavily in arrears and the Auditor has made necessary arrangements to complete it. A Progress Report of work done will be received by Comptroller in future monthly and reviewed.

6 Some arrangements are necessary in order to prevent the accumulation of such arrears in future and the following suggestions are made:-

1. The time limit of 15 days now fixed for returning the bills with any unpaid wages there may be, is too short and may be extended to one month. But bills on which payment have been completely made within this period may be returned as soon as the payments have been completed. The Books and Budget Section should watch their receipt in time and report delays in their weekly and monthly pending lists.

Post Audited At 5.0

2. A Post Audit stamp may be affixed on each bill in the ~~enclosed~~ form noted in the margin and initialled by the Checker and Superintendent of

of B.B. Section in token of having post audited the voucher. A certain percentage of these bills may be reviewed by the Gazetted Officer in charge every month.

7 The objections now raised are not properly recorded and it is not at present possible to ascertain the total amount or volume of objections still outstanding unremedied from the commencement as no continuous record is kept. The objections relating to all the Pay Clerks are at present recorded only in a book which is sent in original to the Cash and Pay Section. There is therefore inevitable delay in the book being transferred from one Pay Clerk to the other and in each Pay Clerk picking out the items relating to him. Audit Notes may therefore be prepared in duplicate by the B.B. Section separately for each Pay Clerk in the form suggested, and one cooy issued to the Pay Section serially numbered duly approved by the Gazetted Officer in charge. On receipt of replies the outstanding objections that are not cleared may be entered in the Objection Books.

8 Objection Books and Adjustment Registers may be opened maintained and balanced on the lines in the Civil Audit Office. (Paras 666 to 687 of M.A.C. Vol.IV). These books may be passed and reviewed by the Officer in Charge of the routine work of the Post Audit Section after obtaining the replies of the Gazetted Officer in charge of the Pay Section once a month say on the 1st.

9 All the outstanding objections not yet cleared from the commencement may now be taken to this book and pursued or necessary action taken to waive them with proper sanction.

10 The Objection Book relating to the cheques issued in any particular month should be closed and submitted to the Auditor before the first of the third succeeding month.

Review by aGazetted Officer. -

11 The Post Audit work may be required to be reviewed by the Assistant Auditorwho is not in charge of the Cash and

Pay Section, ~~only~~ or by a Senior Superintendent of the office every month and a report submitted to the Auditor.

Powers of the Auditor. -

12 At present the Auditor may pass errors in vouchers up to rupee one and he may write off old and irrecoverable items upto a limit of Rs.25. He may be further empowered to waive objections in respect of these vouchers such as "Thumb impressions not attested" "Certificate of payments not furnished" "Stamped receipt not furnished" or other similar objections, which in his opinion though irregular, may not recur or lead to any loss to Government and cannot be remedied without unnecessary and protracted correspondence or further expenditure to Government and for which proof of payment is available from other records.

Imprest Vouchers. -

13 Bills and connected vouchers for recoupment of office imprest need not be sent by the B.B. Section to Pay Section along with the cheques. They may be filed in the B.B.Section along with the other vouchers, as no further action in the Pay Section is necessary.

Test Check of payments made by Pay Clerks. -

14 The Officer in Charge of the Cash and Pay Section may be required to test check some of the payments of each Pay Clerk by witnessing the payments once in every alternate month and report the result in the Cash Books and to the Auditor.

15 In the case of cheques issued in favour of parties, a stamped acknowledgment need not be insisted upon with the Auditors approval or the Gazetted Officer in Charge, if the cheques after encashment contain a proper acknowledgment or endorsement of the party or the cheque is sent by Registered Post and after the issue of 3 reminders the party sends no reply and if no further payments are due to him.

Filing of vouchers in records. -

Filing of vouchers in records. -

16 The Record Section should watch the receipt of all Paid Vouchers of a particular month duly pasted to bundles before the 10th of the 3rd succeeding month and report omissions to the Auditor.

Paid Cheques of Treasuries. -

17 These cheques do not bear any evidence of having been checked by the Audit Section. The Post Audit stamp referred to above may be affixed on these cheques also and attested by the Superintendent and the Checker.

II. Station Remittances.

18 The Cashier deals with the receipt and disposal of all station remittances. There are at present two other Cash Offices - at Tarikere (since transferred to Shimoga) and at Chintamani besides the main office at Mysore, all of them being subordinate to the Auditor. The receipts at the Mysore Office vary from Rs.7000/- to Rs.12,000/- daily. The existing procedure involves a tripartite arrangement in handling and remitting the cash. The stations send the cash to the Auditor who makes arrangements to count and to verify them once in his office and to remit the amount to the Treasury where it is again counted and verified. As the Railway collections at Mysore are generally heavy the Mysore District Treasury has to remit surplus cash again to the State Huzur Treasury at Bangalore. This circuitous procedure of dealing with Railway earnings may be avoided by transferring the Cash Section in the Railway Audit Office at Mysore to the State Huzur Treasury, Bangalore, who may receive the remittances each day and send suitable daily returns to the Auditor, Mysore Railways. After the resumption of the worked lines, such an arrangement would be quite necessary and it is desirable to make a commencement immediately. Retrenchment in the staff may also be possible, as the Police Establishment in the Railway Audit Office may be dispensed with or reduced.

19 If this proposal is approved, special arrangement will have to be made to enable the Auditor to draw amounts from the Mysore District Treasury for the Railway disbursements.

Counterfeit and Uncurrent Coins.

20 They are not dealt with according to the detailed rules laid down in paras 122 to 124 of the Mysore Railway Code, Vol.II All the coins are returned to the stations without being cut or broken or sent to Mint wherever necessary. They are probably again received back along with the remittances of the next month and are thus kept under circulation. It may be made a rule, that such coins before they are returned to the stations should be examined by the Gazetted Officer in charge of the Pay Section for being dealt with according to Rules, the result of such examination being recorded by him. This would however automatically be solved if the work is transferred to State Huzur Treasury. It is objectionable on grounds of principle to put bad coins into circulation. A separate reference is made to Government in the matter.

Custody of cash received from stations. -

21 At the end of each day, the Station remittances are kept in the safe in the Railway Audit Office for being remitted to Treasury on the next day. One key of the safe is kept with the Cashier and the outer key with the Shroff. It is desirable, that in future the Gazetted Officer in charge keeps the other key instead of the Shroff, as the control over the custody of such heavy lying in cash should not be left entirely to the subordinates.

22 III. Security Deposits. - The following officials working in the Cash Section have not furnished any security. Proper

1. Mr. A.N.Kamalanathan, Cashier at Chintamani (clerk on 20-2-40)
2. Mr. Shanker Prasad Cashier at Mysore (Temporary)
3. Gollar (Temporary).

Proper securities should be taken immediately

The undermentioned officials

	S.R.
Mr. T.R. Krishna Rao, pay Rs.100.	2000
" M.Narasimhaya , pay Rs.96.	1000
" K. Sitaramiah, pay Rs.60.	1000
" B.R.Krishnamurthy, pay Rs.48 (refunded)	750
" C.H.Shankar, pay Rs.40	200
" M. Shamarao, pay Rs.60.	500

23 ~~The above noted officials~~ have furnished security as noted against each. Mr. T.R. Krishna Rao who has given the maximum security is not in charge of the Cash work relating to Station Remittances which forms the heaviest cash work in the section. On the other hand this work is now being done temporarily by Mr. Shankara Prasad who has furnished no security as Mr. Shamarao who is the permanent Cashier is on leave.

24 Mr. A.V.Kamalanadhan who is the Cashier at Chintamani is a clerk in the grade of 20-2-40, whereas the scale fixed for a clerk in the Cash and Pay Section is Rs.30 -3-60

25 It is desirable to frame definite rules and obtain Government orders regarding the amount and nature of security deposits that should be furnished by each official, and obtain them in the case of all the officials whether permanent or temporary before they are entrusted with cash work.

26 They should also be given the particular grades fixed for the Cash and Pay Section and the particular work for which the deposit is taken.

27 Instead of giving the Cash office staff special grades of pay a suitable allowance may be attached to the post to be given to any person doing the work. This will obviate the present difficulty of enforcing payment of Security Deposit compelling persons working in the General Line to work in the Cash and Pay Section in the same rate of pay and allowing the officials of the Cash and Pay Section to stagnate there.

28 Sufficient reserves of men should be created to fill up temporary or permanent vacancies immediately a vacancy occurs.

29 It is desirable to change the Pay Clerks at least once in 5 or 7 years if possible.

IV. Receipt and disposal of valuables. -

30 All registered letters containing R.T.Rs. and other valuables are received at present in the Records Section by the Superintendent, entered in a register and transferred to

to the Cash and Pay Sectionwhere they are again entered in the Cash Book of cheques received and remitted to Treasury. As the official in the Record Section has not furnished any security, all the valuables may be directly received by the Cashier of the Cash Section (just as the Cashier, S.L.Section receives all the valuables received in the Comptroller's office) and the Register of valuables kept in the Record Section may be discontinued. If, in any case, Savings Bank Pass Books, Post Office Cash Certificates, F.D.Rs, Government of India Bonds, Trust Interest Payment Orders, Contractor's Agreements or indemnity bonds, cheques for cancellation etc, which have to be dealt with by other sections are received by the Cashier they may be entered in a separate "Safe custody register" in the encosed form and the connected forwarding letter transferred to the respective Audit Sections for necessary action, the valuable document being held in a safe in the Pay Section under the custody of the Auditor. The Register of valuables now maintained in the B.B. Section for these documents may be verified once a year with the Safe Custody Register of the Cashier.

3| The following documents are not kept in the safe custody of the Auditor, but are filed with connected files:-

1. Service Agreements for subordinates
2. do for G.Officers.
3. do temporary staff.
4. do Probationers
5. do Telegraph Probationers
6. Manure contract from.
7. Platform Contract forms.

.2 It is desirable that they are also entered in the Safe Custody register and kept in the Auditor's safe in the Cash and Pay Section.

.3 Trust Interest Payment Orders received from Comptroller

Comptrollerare received by the Books and Budget Section from the Records and despatched to the parties concerned. They may also be dealt with as shown above.

V. Receipt Books. -

34 Separate Receipt books ~~to~~ may be obtained from the Comptroller.

35 Receipts may be issued by the Cash Section uniformly in the printed form, in all cases of cash, cheques or R.T.Rs. received.

36 All the Receipt Books may be in the custody of the Officer in charge of the Records Section and whenever a fresh book is given to the Cash Section the previous books may be got back and filed in the Records Section.

37 A stock account of receipt books, received and issued and balances may be kept in the Records Section and the number of receipts in each book may be certified to by the officer in charge on the front covering sheet of the book.

38 VI. Unpaid Wages. -

Chellan No.14 dated 9-3-35. Rs.1-7-0. C.O. 6 . 1457

" 14 " 9-3-35 0-12-0 " 6 1462

The above amounts which were remitted to the Treasury on 9-3-35 by the Pay Section have been taken into the General Cash Book on 25-3-35. In order to avoid such delays or possible omissions, all unpaid amounts remitted to the Treasury by the Cash Section may be receipted in the cash book of this section and shown as remitted to Treasury so that the B.B.Section when checking the Book may include all such items in the General Cash Book. The B.B. Section should also verify the Cash Books of the Pay Clerks and certify therein regarding the verification.

39 Each Pay Clerk remits unpaid wages directly to Treasury on separate Chellan Books. The Cashier of the Pay Section may receive them, check them and remit to the Treasury through his own Chellan Book. Separate chellan books for each Pay Clerk i

Clerk is unnecessary.

40 Whenever a fresh Chellan Book is issued the old book may be obtained by the B.B. Section and verified with the General Cash Book.

41 A stock account of Chellan Books may also be kept as in the case of receipt books.

VII. Cash Balances with Pay Clerks. -

42 The balances of cash with Pay Clerks do not form part of the monthly balances shown in the General Cash Book of the Auditor. Theymay be adjusted each month and brought to account and when this adjustment is made the B.B. Section may obtain the Cash Books of the Pay Clerks and check them particularly with reference to Unpaid Wages remitted to the Treasury.

VIII. Simplification of Forms and Procedure. -

43 A separate Pay Master's Cash Book (P.1) which is now maintained is unnecessary. Form C.O. 7 slightly modified as shown in the enclosed sample given to the Railway Auditor will serve the purpose of this Cash Book also, and at the same time, the B.B. Section which po post audits the paid vouchers will have a record to watch the return of the bills. At the end of each month, vouchers not returned by Pay Clerks and Departments, or cheques despatched to firms and not acknowledged may be separately listed into the Objection Book noted in Para I above and their return watched therefrom by the B.B. Section.

44 Under this procedure it will be unnecessary to transfer to Cash and Pay Section cheques which have only to be despatched.

45 Two Cash Books are now maintained by the Cashier for receipts - (1) Register of Mis: Cash received (2) Register of cheques received. One book is sufficient in the revised form enclosed which provides separate columns to show cash and cheque receipts separately.

46 With these changes, the work of the Cash and Pay Section will be reduced as each Pay clerk will be responsible

responsible to B.B. Section only for cheques and bills handed over to them for payment. The Assistant now given to the Cash and Pay Section for despatching the cheques and obtaining vouchers issuing reminders, etc, may be transferred to B.B. Section to do the work of Post Audit of paid vouchers more efficiently than at present, under the supervision of the B.B.Section Superintendent.

IX. Chapter IV of M.R.C. Vol; II. -

47 The rules in this chapter relating to the Cash and Pay Section are out of date and the existing practice is quite different from the prescribed rules, e.g., Cash Bags received from stations are not reweighed (Para 110) the Cashier does not maintain a Cash Book in Form No. C.O.1 (Para 115).

48 Forms (P.4, P.5 and P.6) are not being maintained; cheques are issued for sums less than Rs.10/-, each District Pay Clerk is not given an Imprest; Payment of Labour Sheets of Locomotive and Carriage Workshops is not made in the manner laid down in paras 153 to 169. The Chapter in the Code has to be suitably revised.

RAILWAY AUDIT OFFICE.

Notes on the inspection of the Stores Audit Section.

1. Organisation. -

According to Para 808 of Mysore Railway Code Vol.I, the administration and control of the stores of a Railway will be conducted by the Stores Department under the supervision of a Chief Store-keeper. On him will devolve the duty of ascertaining the needs of the Railway in the matter of materials and stores and arranging for their indent in the most efficient economical and expeditious manner possible. He will be responsible for their receipt, examination and distribution to various depots, for their custody and issue on requisitions received from authorised officials. These rules imply that there should be no stocks in the custody of other officers, except those received for immediate consumption on the works and that the Chief Store-keeper should scrutinise requisitions with reference to the sanctioned provision, imprests, etc. All the rules regarding the Store Accounts of the Departmental Officers are based on these General Principles.

But the efficient discharge of these functions is not possible under the present system of Stores Accounts kept with us as the Chief Store-keeper is not aware of the values of articles and is therefore unable to keep an adequate control over the issues with reference to provision in the Budget, Work Estimates, etc. Further the Chief Store-keeper deals only with articles of minor importance for the Railways. Coal, an important article of daily and heavy consumption is ordered and purchased by the Stores Purchase Committee and the custody is under the control of the Loco and Carriage Superintendent. P.W. materials (another class of important articles for Railways) are also purchased either

either from the Forest Department or through annual indents placed by the Stores Purchase Committee and the custody is under the control of the Engineering Department. Workshop Machinery and other articles connected with Rolling Stock and Machinery are purchased through the Stores Purchase Committee by means of Foreign Indents and the articles are directly received by the Loco and Carr: Superintendent; but the journal entries are put up in a conventional form as if the purchases were made by the Central Stores and transferred to the Workshops. The result of these variations in practice from Codal Rule is that rules intended for a different organisation are often applied and quoted and several defects noted below are due to this state of affairs. It is therefore necessary, that the existing organization is clearly described in the Code and the rules are suitably modified so as to describe clearly the accounts that should be maintained by each custodian and the returns that should be furnished by him.

The existing rules in the Codes are also defective in several other respects (vide para XI infra) and action has to be taken immediately to revise them, as otherwise the officials will have no proper guide for audit.

II. P.W.Materials. -

(a) The Priced Ledgers in the Audit Office were not balanced and the aggregate totals struck in the previous years for comparison with the balance in the General Ledger. A list of balances as on 30th June 1935 was got prepared during the inspection and the aggregate of these balances was shown as Rs.1,29,195-1-2 whereas the balance according to the General Abstract of Stores is Rs.96,546-9-8. The difference has to be traced and adjusted.

(b) In the ledgers, several minus balances in

in ~~in~~ respect of quantity and cost are outstanding (vide instances shown in the margin). There are issues without receipts or balances on hand. These items should be enquired into and adjusted early.

Pages 5 and 27 of Mysore 2nd hand materials ledger page 100 do 1st".

(c) The Executive Engineers have to furnish a "District Balance Return of Permanent Way Materials" in Form No.S.19 by the 15th of the month following accompanied by a "Distribution statement of Stores received and issued in Form No.S.20 (Para 962 of M.R.C. Vol.I). In para 222 of Mysore Railway Code, Vol.II Form S.22 is referred to as the Balance Return of Permanent Way Materials received from District Engineers and it is not clear if this is the same as Form No.S.20 referred to above in Vol.I. But in practice monthly returns S.22 are being received which only show the transactions of the month and not the balances of all the stocks in the District.

(d) An early return is due from the Executive Engineers showing the balances of all the stocks in the District. This return is not yet furnished by the Executive Engineer, Mysore, for 1934-35 and prior periods

The return received from the Executive Engineer Hassan, at the end of 34-35 doesnot agree with the ledgers kept in the Audit Office and several remarks of the Audit Office ~~sent with letter No. dated~~ are not yet attended to.

The balances in the ledgers kept in the Divisions have not been reconciled with those shown in the Audit Office Ledger in the same manner as the Chief Storekeeper's Office ledgers are reconciled with the Audit Office ledgers. This important work has to be attended to immediately and it requires the cooperation of the Departmental authorities.

(e) With a view that differences in future years may be avoided, the actual stocks on hand may be ascertained by the Departments and reported to the Audit Office as on a particular date, say 1st ~~March 1935~~ July 36, and new ledgers may be opened with these balances both in the Audit Office and the Divisions and further transactions recorded and reconciled as required in the rules. Separate arrangements may be made to trace the outstanding differences upto that date and adjust them.

(f) According to Para 962 M.R.C. Vol.I separate returns have to be sent by the District Engineers for new and second hand materials. Returns of unserviceable materials such as old rails, girders and the like which have a high value as scrap have also to be furnished. These returns are not being obtained separately in the Audit Office and checked. This has to be done in future.

It is stated in this para that returns of unserviceable materials need not ordinarily be submitted. Under this rule no return is received and checked. As it is desirable to have proper control over such articles also and it is also undesirable to have both serviceable and unserviceable articles of the same kind at the same place for long periods this rule may be modified, and the Executive Engineers asked to send monthly and yearly returns of such articles also.

(g) Delay in adjustments. -

The monthly returns of P.W. Materials (Form S.22) have not been sent by the Department on the due dates, and the adjustments have also been delayed for several months (vide below).

Hassan Division. -

Month of return.	Date of receipt from Deptt.	Date of adjustment.
January 1935.		10-4-35
February 1935		10-5-35
March 1935	13-6-35.	13-7-35
April 1935	23-7-35	5-9-35
May 1935		30-8-35
June 35.		18-9-35

The necessity for sending the returns on the due dates must be impressed upon the Department which should make sufficient arrangements in the matter and the Audit Office should also adjust them promptly.

III. General Stores. -

(a) Priced Ledgers. - A statement is enclosed showing the differences between the balances as shown in the Priced Ledgers and the General Abstract of Stores kept in the section and the B.B. Section Books as at the end of June 1935 under all heads of stores including P.W. Materials and coal. These have to be traced and adjusted as required in Paras 210 and 216 of Mysore Railway Code, Vol.II every year.

At present the differences of each year in the past are not known and no attempt has been made to trace each year's differences separately and adjust them. In order to facilitate this work a Proof Sheet as suggested in para X below should be maintained making a timewar analysis of the differences. The differences shown above are the aggregate of the differences to end of June 1935 and unless the difference is split up into the several periods during which it might have arisen a reconciliation will not be possible.

The differences reported to Government through the Agent in S.42 Returns are incorrect. They do not show the differences between the Priced Ledgers and B.B. Section Books correctly. In future the report should mention such differences under replying to query No.1 in the Appendix A to the report. It is important that this reconciliation is effected every year. To effect this verification priced monthly balance or s class ledgers are maintained in the form prescribed in para 198 of the Government of India Railway Audit and Account Code showing items of articles, their receipts issues and balances. But the yearly reconciliation is not completed.

is left incomplete.

(b) Priced Ledgers of the Chief Store-keeper.

Nearly 40 volumes of Priced Ledgers for the stores of the Chief Store-keeper are maintained in the Audit Office by 4 clerks and in addition to these volumes similar ledgers with numerical quantities only and without cost are maintained by a set of clerks in the Central Stores. If the Stores Office is made to keep the Priced Accounts also in their Numerical Ledgers, the duplication of ledgers in two offices may be avoided, the maintenance of ledgers in the Audit Office may be dispensed with and the audit cost may be reduced.

The Chief Store-keeper will have the value accounts of articles also near at hand and will be enabled to exercise a control of stores issued against provisions made therefor in the Stores Budget, Work Estimates, etc. At present this facility is not available to him, vide also para 1 supra.

The procedure will have the further advantage of enabling the Audit Office to do its proper function of audit and accounting instead of keeping detailed ledgers. At present the posting of these ledgers, the balancing and verification with General Books is done by the auditors, whose work will require further check and supervision. Errors committed by themselves will not receive the same attention for rectification as errors found out if ledgers had been kept in the Department and audited by them and the difference noticed in para III (a) above would have been pointedly noticed by the Audit Office and pressed before the Agent or Government and a reconciliation would have been facilitated.

This procedure of the Priced Ledgers being kept in the Chief Store-keeper's Office is in force on Railways and the Postal Department.

Details of procedure followed by them may be ascertained and adopted by us with suitable modifications wherever necessary.

As the work involved in the maintenance of the ledgers for P.W. materials and coal is not at present heavy, the existing procedure may continue.

The Stores Office will have to send a monthly Account Current to the Audit Office in a prescribed form for incorporation in the ac-counts and a local audit as in the Workshops may be arranged for.

According to Para 207 of Mysore Railway Code-Vol.II the ledgers should be examined generally once a week by the Accountant in charge and once every month a certain number of the Registers should be inspected by the Stores Audit Officer. Every ledger should come under the inspection of the Accountant once a quarter and of the Stores Audit Officer once a year. This important work has not been attended to probably because these officers could not find time to do the work satisfactorily. Some arrangements to complete this work will be necessary in the Audit Office so long as the maintenance of the priced ledgers is to continue.

(c) Returned Stores. -

According to Para 922 of Mysore Railway Code, Volume I, credit for serviceable second hand stores will be at once afforded on their return to Stores but in the case of unserviceable materials the work and account concerned will not be credited except with the amount of the sale proceeds. A clear distinction between serviceable and unserviceable articles is not made. e.g., Returned materials of Workshop sent as copper scrap etc, which are of high value are not properly priced and taken to account immediately. A credit of about Rs.5,000/- obtained by sale of these articles was adjusted only after the sale was effected. No Officer decides

decides and issues final orders when the Chief Storekeeper and the Departmental Officer differ regarding the valuation . Such cases should in future be referred to the Agent and got decided.

Several returned articles, that are not valued are outstanding in S.13 and D.S. 8 Returns. In order to watch their proper disposal a ledger showing the numerical quantities only is kept in the Depots and the balances got verified periodically by the Stock Verifier until they are disposed of.

A register of D.S.8 is kept in the Audit Office. As the value of returned materials is also provided under the respective estimates for works, the Expenditure Section has to watch credits to the respective work or expenditure accounts and compare with estimates i.e., those estimates are not closed before the annual auctions are held. It is also desirable in this view that auctions are held quarterly or at shorter intervals instead of annually. This will also prevent deterioration of the articles and also the possible substitution of bad articles for good ones.

But when sales are effected the same is not noted against the concerned entry in this register and the D.S.8's. The Audit Office is therefore not in a position to say what articles are left unsold for long periods and now many D.S.8's are pending so that by lapse of time the articles may not deteriorate in value and at least a disposal by numbers is watched in audit.

(d) Old Second hand materials. -

The stock of old second hand materials is still large and some articles are outstanding for a very long time (vide pages 18, 19, 22, 74, 91, 123 & 134 of Mysore Second Hand Materials ledger). Action has to be taken to dispose of them early, so that they may not further deteriorate in value.

IV. (a) Stock Adjustment Account. -

This account has not been kept in 5 parts as required in para 216 of M.R.C.Vol.II, Part I. The correct maintenance of this account as required in the rules has to be immediately arranged for.

The balance at credit of the account as on 30th June 1935 is Rs.9,748-7-0. A detailed list of unadjusted items outstanding under this account agreed with this amount has not been prepared and reviewed either on 30th June 35 or in any of the previous years. This has to be done regularly in future. Here also it is necessary to prepare an analysis of outstanding lists at the end of each month by means of a proof sheet. as suggested in para X below.

The ledger proofs of Permanent Way Materials and— have not been prepared for several months and this will naturally make verification of Priced Ledgers and Account Balances under this head very difficult. This work will have to be attended to immediately.

Differences in the verification of stocks P.W. materials , Loco Stores including coal, Tools and Plant and Misc Stores are not adjusted at present as prescribed in the rules as soon as the verification reports are received. This has to be arranged for as otherwise the adjustment of the differences cannot be watched.

The Executive Engineer, Hassan has reported in his letter of 10th June 35 that a book reported to be missing in the Stock Verifier's Report has been somewhere misplaced and that action will be taken to replace the same or to write off from the account early. Final action is not yet taken in the matter and such items should be adjusted and taken to accounts till they are cleared.

In the return of the Hassan Division for May 1935 several rails for Rs.846-8-9 have been receipted as found in excess during stock taking. The amount has been credited to Stock Adjustment Account and is still outstanding unadjusted.

Again in the accounts for February 1935 a sum of Rs.22-15-10 has been debited to Stock Adjustment Account as irregular balances in prined Ledgers and no debit to a final head has yet been made.

The Stock Verifier's report of 31-12-34 in respect of articles in workshops show certain shortages which are still unadjusted in accounts. A reminder was issued in letter No.1181 dated 8th January 1936 to the Loco Superintendent enquiring when the cost of the shortages will be recovered and credited.

Stock verification report dated 23-9-35 relating to Tools and Plant of Arsikere Loco and Traffic Running Rooms were forwarded to District Traffic Superintendent Mysore Railways with Audit Office letter No.X.E.1104 dated 25-12-1935, i.e., after a lapse of three months and after the inspection was taken up.

Report of 25-2-35 on Tools and Plant Stations from B.L.G.A. to H.A.L. of Yedatore Section was sent to the District Traffic Superintendent with letter No.2027 dated 18-3-35 and the final action taken on differences is not yet known or enquired into.

(b)(i) Stock Verifier's Reports. -

Stock Verifier's reports of P.W. materials, Loco Sheds, Tools and Plant and Mis: Stores are not properly dealt with. For example the following reports issued by the Stock Verifier from January 1935 to June 1935 have to be finally attended to and adjustments effected.

Nos.	Date.	Workshops.
6.	4-2-35.	Tools and Plant of Central Workshops.
7	"	Machinery reports do
8	"	Office Furniture of "
9	"	Coal Coke and Smithy coal "

Permanent Way Engineering, Yedatore Section.

15	letter	28-2-35.	Tools and Plant
16	"	"	Permanent and Way and Engineering Reports.
17	"	"	Mis: Verification Reports.

Central Workshops.

21	11-3-35.	Mysore Teak, Burmah Teak etc, Permanent Way Materials, Mysore

Chamarajanagar Section.

38	15-4-35	Tools and Plant.
40	17-4-35	Permanent Way Materials, Tools & Plant and Mis: Stores.

Mandagere Section.

44	1-5-35.	Tools and Plant, Mis: Stores and P.W. Materials. Stations (Mandagere Section)
48	20-5-35.	Tools and Plant of Stations.

Hassan Section.

49	20-5-35	Tools and Plant of Mis: Stores Hassan Section.
48	"	Executive Engineers Office, Tools and Plant, Library & Stationery
50	"	P.W. Materials of Hassan Section

Loco Sheds.

53	2-6-35.	Loco Shed at Birur. Tools and Plant, Library, Imprest and non-imprest stores carriage spare parts and Running Room equipment.
54	2-6-35	Loco Shed at Birur. Coal and Cinders
55	"	do Tools and Plant of Traffic Running Room.
58	17-6-35	P.W.Materials of T.N.Tramway and T.H.Tramway
59	"	Tools and Plant and Mis: stores "
60	"	Tools and Plant stations of "
62.	24-6-35.	Loco spares, Imprest, Non-imprest stores. Tools and Plant of shed and office tools of engines. (Loco Shed at Tarikere.)
63	"	Coal and Cinders (Loco Shed at Tarikere.)
64	"	Carriage spare parts, Tools and Plant Imprest and Non-Imprest stores. (Carriage Shed at Tarikere)
74.	15-7-35	Carriage Spare parts. T & P. Imprest and Non-Imprest Stores (Carriage shed at Chickjajur)
73	"	Tools and Plant (Carriage Shed at Chickjajur).
75	"	Tools and Plant of stations at Chitaldrug Chickjajur section.
No.124	10-12-34.	Materials at site of the Railway Central Workshops remodelling as on 30-11-34.
No.126	17-12-34	Materials at site of the Mysore Station remodelling as on 15-12-34.

(ii) A register may be kept in the Stores Section

Section to show the disposal of these reports as in the case of the reports received for articles under Chief Store-keeper's custody and it may be reviewed monthly.

(iii) Several Surplus Materials which are not borne in any ledger in the Central Stores are listed by the Stock Verifier and reported in his letter No. S.V.41 dated 1-5-1934 and he also reports that some more articles have yet to be verified. They may be taken to ledgers immediately both in the Audit and Departmental Offices and value adjusted after ascertaining the same.

(iv) According to Appendix X Vol.III Part I (para 2) the Engineer's Imprests of Permanent Way Materials have to be verified by the Stock Verifier once in two years. The Audit Office has not taken proper action on the reports received from the Stock Verifier. A list of Sub Divisions in which verification has not been done is enclosed. The following Stock Verification Reports received from the Stock Verifier have not been adjusted in accounts as required in paras 233 and 216 of Mysore Railway Code, Vol.II Part I. They have been furnished to the Executive Engineer with letters noted below and have not yet been received back with remarks or explanations for the differences.

Reports forwarded to the Executive Engineer, Hassan with letter Nos.1462 dated 5-6-35, 1581 dated 24-1-35 and 100 dated 17-7-35.

The period of two years fixed in the Code appears to be too long as the Executive Engineers do not merely keep imprest materials but are in charge of all the Engineering Stores and may be reduced to one year.

(v) Extension and remodelling of Central Workshops. Mysore Station remodelling. -

Certain materials at site of the above works were verified in November 34 by the Stock Verifier after the works were completed. Action taken on the reports

reports and to return the materials to Stores has to be verified.

IV. (c) Stock Verification by the Departmental Officers. -

In the Railway Audit Office, the appointment of a Stock Verifier attached to the Audit office appears to have completely relieved the Departmental Officers of all responsibility for this important work. The Audit Office has not obtained a certificate of verification once a year or at any other interval from the Gazetted Officers who are responsible for the stocks. It is even doubtful, if these officers have ever attended to this work. The immediate official in charge of stores ie., a Ward keeper or a clerk and the P.W. Inspectors and the Stock Verifier of the Audit office are the only officials entrusted with responsibility for this work and their reports and work are not further checked by any officer of the Department. A percentage check of the work done by these two officials by the higher officers is very necessary and in token of such check they should also attest the Stock Verification Lists.

The Balance Return of stores received from the Chief Store-keeper's Office as on 30-6-35 is not even attested by the Chief Store-keeper and it is accepted and verified in the Audit office. Though the form of stock verification reports S.37 A provides a column for Chief Store-keeper's and Depot Store-keeper's signatures these reports are signed only by the Sub Store keepers who attend to the verification along with the Stock Verifier.

V. (a)(i). Issues of Stores. P.W. Materials and coal. -

The Permanent Way Inspectors are allowed only an

an imprest of materials, the amount and the nature of which will be fixed by the Agent and rigidly adhered to. No Permanent Way Inspectors should be allowed to continue to hold excess stock without the express sanction of the Agent (vide para 954 of Mysore Railway Code, Vol.I) But the Audit Office has not verified this point and checked the actual stocks on hand or issues in recoupment of imprests with the sanctioned imprest. This work has to be undertaken immediately, by obtaining statements of sanctioned imprest and checking them with the issues either from stores or the reserve stock of the Executive Engineer.

There should be no other issues except for special works as defined in Para 964 of the Mysore Railway Code for which separate "Materials at Stie Accounts" have to be kept. No distinction has been made between issues for recoupment of imprests and materials for special work and audit check has not been exercised with reference to sanctioned imprest and the Materials at site Returns which have not been verified in the Audit Office. All invoices are finally chargedoff to a head of account indicated in the requisitions by the Department.

(a) (ii). In order to enable the Audit Office to verify the issues it is necessary that proper issue notes in the prescribed form are prepared by the Permanent Way Inspector in charge of the work and got approved by the Gazetted Officer in charge and the requisitions are attached to the S.22 Returns furnished to the Audit Office as vouchers for audit.

(b) The issues of Coal are not supported by proper vouchers sent for audit. The local audit may be improved so as to cover a review of the transactions of all the months as verification of Issues Notes and other details in the Audit Office is impracticable.

At present, the annual provision under Abstract B for consumption of coal is nearly 4 lakhs and this heavy consumption is not being subjected to any detailed audit in the Central Office. One month's accounts of one shed are checked in a year by the workshop local Auditor. In addition to the check noted above, it is also desirable to compare at least during local audit the issues with the mileages worked by the various engines either through Form S.T.12 prescribed in Appendix VIII of Loco Office Manual showing the mileages run and other details or by obtaining suitable returns every month (vide paras 397 to 400 of the Government of India Railway Audit Manual).

(c) Issues of Stores. -

Absence of scrutiny in the Audit office is also noticeable in respect of issues chargeable to Workshop and to final heads of accounts in the Authorization Rolls. The various checks that may be exercised in the Audit Office and questions that may be asked and objections that may be pursued till they are cleared in the Monthly Audit Notes are indicated below:-

In respect of issues to Workshop, the Central Audit Office may generally scrutinise the requisitions with reference to the necessity for the articles, propriety for charging them to the particular work although a detailed check is only possible by the Concurrent local auditor.

For example requisition No.182 dated 4-2-35 shows an issue of one bag charcoal for W.O.27/11 (heavy repairs to engines). The necessity for this issue to this W.O. may be enquired into.

Clothing Account. -

Officials and Workmen of the Railway Department are supplied with helmets, clothing and uniform,

uniform, Kumbalies, etc, for which provision is made under several heads in the Authorization Rolls (AII(i) (b), BIII (d), E III (4). In Issue Note No.B.892 and 4/195 dated 3-5-1935 (Book No.940) the District Traffic Superintendent, Shimoga, is supplied with clothing for Rs.691-14-0 (Uniform and Pyjamas) and with coats Trousers, Turbans, etc, for Rs.49-4-0.

In Issue Note No.B.929/195 dated 14-5-1935, the Traffic Manager, Mysore was supplied with coats and Trousers for Rs.92-3-0 (vide also Issue memo Nos. B1012/197 dated 25-5-1935 to the Loco Foreman Tarikere B.1013 / 197 dated 25-5-1935 to the Carriage Examiner, Birur No.B.1018/198 dated 25-5-35 for Saloon Attendants in which even the head of debit is not noted). Issue Memo No.B.1138/202 dated 30-6-1935 for Rs.574-1-0 coats and Trousers issued to District Traffic Superintendent Shimoga.—

In these cases the requisitions and supplies are not checked in audit with reference to the scale of issue fixed for each person and the name and acknowledgment of the persons to whom they were issued (vide also para 801) of M.R.C. Code Vol.I re: scale of supply).

Consumable Stores. -

Consumable and petty stores such as oil waste wicks, etc, are issued according to a scale of sanctioned imprests. In these cases the sanctioned imprests are not obtained and the requisitions verified with them by the Audit Office.

The following stores have been forwarded to the District Traffic Superintendent, Bangalore according to Issue Note No.B.163,168 dated 28-8-1934 being quarterly consumables for N.G.Section and B.M. Section.

N.G. Section 242-5-2
B.M. " 467-11-0

In these Issues Notes 71 tins and 144 tins of

of Kerosine oil have been issued. It has not been verifed, why such large quantities have been issued, to what stations they were distributed, when previous supplies were made and whether the previous stocks have all been exhausted or have been properly accounted for. The following are other instances of heavy issues which require to be similarly scrutinised:-

Issue Note No. & date.	Name of office.	Name of articles.	Qy.	Cost.	Head of account.
B635/185 of 4-2-35.	Sub Asstt: Loco Supdt: Bangalore City.	Boiler Tube Compound.	Cwts. 5	420-0-0.	B.III(3)
B647/185 of 12-2-35.	Sub Asstt: Loco Supdt: Mysore.	Oil, Grease, etc.		734- 7-8	B & C
B653/185 of 14-2-35.	Loco Foreman, N.G. Bang:	Imprest for January 35.		196- 0-8	B
654/185 of 14-2-35.	do	do		92- 3-5	B
656/185 dated 14-2-35.	The Carriage Examiner, N.G.Bangalore.	do		127-11-1	C
684/186 " 19-2-35.	The Carriage Inspector, Mysore	do		256- 8-8	C
923/194 " 14-5-35.	Loco Foreman, Mysore.	Imprest for April 35.		70- 4-0	B
924p194 "	"	"		72- 1-0	B
925/194 "	"	"		32- 0-0	B
926/194 "	"	Oils etc,		723- 5-1	B
927/194 "	"	"		183- 3-6	B

In Issue Note No.B.1007/197 dated 24-5-35 70 bags of cement~~xx~~ costing Rs.207-7-0 have been issued to P.W. Inspector Krishnarajanagar and shown as chargeable to A. II (i) (f). The particulars of the work for which it was required and the Estimate number and date have not been furnished.

In Issue Note No.B.208/37 dated 24-5-35 two Water Proof Paulins for Rs.80, are issued and charged to A II (i)(a). The work for which it was used is not stated It is desirable to add a column "Particulars of work" in the requisition and Issue Note forms.

I.N.No.1332 dated 30-6-1935.	Two Teak wood tables and 2 Bug Proof chairs.	What are the powers of the Depot Store Keeper for purchase of furniture? This requires Agent's sanction.
I.No.250/39 D. 30-6-1935.	One Lace turban. Issued to Chief Store keeper. Rs.4.	To whom was this issued? Is the issue in accordance with scale?
I.No.248/39 D. 30-6-35-	One woollen Long Black coat to the peon of the Superintendent, Ways and Works debited to A.I (c) Rs.18-12-0.	Is such a costly issue allowed?
I.No.246/39 dated 30-6-35.	3 cane chairs and 2 cane tea poys. Debited to E.G. (2). Issued to D.T.C. Mysore Railways.	Is there Agent's sanction? Certificates of having taken these articles to stock should be obtained from the Departments along with the monthly summaries. (Details of articles taken to stock being mentioned).
I.No.B.1140/202 dated 30-6-35.	131 turbans to the D.T.S. Shimoga. Debited to Revenue. Rs.282-8-0.	What is the sanctioned scale? and who are the officials to whom the articles were issued? Is their acknowledgment obtained?
I.N.No.B.1135/201 dated 30-6-35.	56 coats and trousers and and 112 yds .Mull issued to Chief Store Keeper, debited to Revenue Rs.119.	Why is the Revenue head not specified? Is the issue in accordance with the sanctioned scale and who are the parties to whom they were issued?
I.No.1128/201 dated 30-6-35.	2 Watches issued to D.T.S. Shimoga, Rs 33-12-0.	When was the last supply? What is the sanctioned period and scale for fresh supply? What has become of the old watches? If these are debited to E.III (2) "Fire, Lights and General Stores for Stations and sheds" how can their receipt be watched in the yearly Balance Returns?
I.No.749/189 dated 16-3-35.	1 watch to Loco Foreman, N.G. Bangalore. Rs.~~11-0~~ Rs.16-13-0 debited to E III (2).	
I.No.B.738/188 dated 15-3-35.	6 charcoal Bags issued to Sub Telegraph Inspector, Bangalore. Charged to first equipment Nejjala Station. Rs.7-7-0.	The purpose of the issue is not clear.
I.No.b/161/36 D. 25-3-35.	2 Brass Buckets to the S.M. Tarikere. Rs.5-11-6. debited to E.III (2)	Are these issues within the fixed scale? are the issues sanctioned by proper authority? When was the last issue and what has become of the old articles?
I.Note No.149/17 dated 30-3-35.	One table fan issued to	Is there Agent's sanction?

	to Loco and Carr: Supdt: Rs.56/- debited to B.I. (c) and C.I.(c).	
I Note No.B/34/ dated 11-9-34.	Carpet. 12' x 9' and 15' x 9' Rs. 30-8-0 and 37-8-0 respectively.	Is there Agent's sanction?
I.Note No.148/17 dated 30-3-35 to the P.W.I. Bidadi.	One Seth Thomas Drop Octagon Office Wall Clock to First Equipment to Hejjala Station.	Is there Government sanction as the Agent can only purchase clocks upto Rs.25, vide item 116 (4) of Appendix 11 of Mysore Railway Code.
Issue Note No. B74 dated 27-10-34.	One Typewriter issued to the Loco and Carr: Superintendent. Rs.350/-	Is there Agent's sanction.
Issue Note No.113 to 115 the Engineering Deptt.	305 Black size Kumbalies Rs.477-1-0.	To whom were they issued and when was the last issue? Is this issue within the scale or sanctioned by the Agent?
I.No.B.5 dated 23-7-34	30 Woollen Kambalies. Rs.75/- issued to P.W.I. A. AA. Ry.	
I.N.B.76 dated 27-10-34 to the Agent, Mysore Rys.	One long coat Shaya pattern without lace Black Banath and lining. Rs.23.	To whom was this issued? Is such a costly issue authorised?
I.NONos.53 & 54 dated 24-9-34 to D.T.S. SME.	Two towel stands Rs.8/- One Bench. Rs.19/- 2 easy chairs Rs.28. One table Rs.10.	Is there Agent's sanction and is any scale of such supplies in force?
I.N.No.B.25 and 26D. 30-9-34 to D.T.S. SME.	4 Mosquito curtains Rs.29-12-0.	Is this issue allowed under the rules? To whom was this issued?
I.No.Nos.24 to 26 dated 1-9-1934.	Several articles of furniture costing Rs.154-2-2 issued to the D.T.S. SME.	Is there any sanctioned scale of such issues? For what purpose were they issued?

The powers of the Agent and other officers regarding purchases of stationery, furniture, books supply of uniforms, warm clothing, scale of imprests of stores etc, are fixed in the rules and the issue Notes should be checked with reference to these scales and powers of sanctions and objections pursued in audit. Duplicates of spare parts issued to Loco Sheds have to be scrutinised so as to verify if they are in accordance with the rules in Page 227 of the Loco Office Manual.

Stationery Articles. -

Arrangements necessary for verification of the issues of stationery articles with the scale

scale fixed for the various offices has also to be made in the respective Audit Sections as the issues are heavy and costly (vide for e.g., Issue Note No.B.781/190 dated 25-3-35).

Renewals and Replacements. -

Whenever new materials are issued for replacements and renewals the quantities issued have also to be verified with reference to the provision in the Estimates, and also with the quantities of returned materials by the Audit Sections. Although estimates provide for returns of materials they are not subjected to any verification with reference to quantity or cost, ~~vide para ... in the Expenditure Section Report~~.

(d) Issues of stores should also be verified as above in the Stores Office before they are issued. If the Priced Ledgers are transferred to Stores Office as suggested in para 3 (b) above verification of the issues with the sanctioned grant will also be possible before the issues are effected and a better control will thereby be secured and irregular issues prevented.

(e) Audit Stamp. -

Audit Stamp

pass Rs
Rupees Rs
Audit Supt

In order to ensure that the Issue Notes are properly scrutinised in Audit Stamp in the marginally noted form may be impressed on each requisition by the Audit Sections, attested by the Clerk and the Superintendent, who accept the debit and a percentage test-checked by the Gazetted Officer in charge. The Stores Section before filing these requisitions may see that such stamps are impressed. Any objections arising out of such audit may be watched through the Monthly Audit Notes. The Issue Notes may be left in the Audit Sections for sufficiently long time-say not more than a week. to enable them to complete this check.

(f) These defects have continued mainly because it is not made clear whether the responsibility for the

the audit check rests with the Stores Section which adjusts the value of the issues by debiting the heads Transfers Revenue etc, or by the Expenditure Section which accepts the debit and transfers to final heads by a responding entry. As the final debit is accepted and booked by the Expenditure and other Audit Sections these Sections should attend to this work when putting up the responding entry, check the issue notes on which the materials were issued and keep a record of objections raised in the matter and pursue them.

VI (a). Purchase of Stores. -

(i) According to para 911 of Mysore Railway Code Vol.I the rules for making purchase of stores sanctioned in G.O.No.Fl.3238-87/G.F.10-17-47 dated 4-1-1918 and given in Appendix XIV Mysore Account, Vol.I are applicable to Railways also and a certificate is required to be attached to the bills as given in Form No. S.6. The nature of this prescribed certificate is not known as the Forms Book is not prepared and published.

(b) According to these rules tenders have to be called for by proper notification and advertisement in respect of purchases exceeding Rs.250. (vide para 5 of Appendix V.M.C.A.C. Vol.I) Where this procedure is not followed a proper explanation should be furnished for deviating from tender system showing the urgency for the purchase direct from the firm by calling for quotations (vide paras 8 and 9 of Appendix II). It has not been verified if this prescribed procedure has been followed and the certification required under the rules has not been insisted upon. This certificate may be in the form prescribed in the Civil Offices as the same rules of purchase apply to Railways also.

(c) The purchases of nonstock articles are heavy. In some cases (e.g., Electric bulbs locks stationery, etc) the requirement of a year could have been foreseen and

and purchases made according to prescribed rules by calling for quotations or tenders so as to economise the cost.

Stationery is often purchased from local firms by the Chief Store-keeper instead of from the Superintendent of Stationery as shown below:-

L.F. 17 Typewriting paper.

August 34.	T.M. Abdul Gaffoor.	Rs.35-8-0
March 35	do	34-12-0
Oct 35.	do	35-0-0

L.F.22 Pin sheets. -

August 34.	T.M. Abdul Gaffoor.	Rs.42-8-0
Feb 35.	R. Krishnaswamy	98/-
24-7-35.	T.M.Abdul Gafoor.	40/-

The circumstances under which such purchases were made and the authority sanctioning them have to be enquired into.

(d) In the case of non-stock articles where an order is placed with the firm for supply of stock at current rates a formal purchase order is prepared and sent to the Audit Office in the prescribed form after the order is placed and articles are received in order to enable the Audit Office to post the priced ledgers. It is doubtful if the formal orders would serve the required object of enabling the Audit Office to know the exact terms of the supply as contracted with the firm. It is therefore desirable to obtain an exact copy of theoriginal order (which may be in the form of letters) placed with the firm along with the formal order. It is better to have standard forms even for placing orders in such cases instead of ordinary letters.

(e) Foreign Indents. -

The register of indents placed by Stores Purchase Committee is not maintained properly. This book should be written up in the serial order of the indents accepted and placed by the Stores Purchase Committee instead of in

in the order of contracts finally entered into with the firms by Messrs. Rendell Palmer and Co, so that it may be possible to verify that against the same indent for a certain article of the S.P.C. several contracts have not been accepted and articles purchased.

A register showing the terms of the contracts entered into with the firm by Messrs. Rendell Palmer and Co is maintained as the original contracts are returned to the Departmental officers. It is desirable to keep exact copies of the contracts in serial order instead of a summary of the terms in a register. This register may be dispensed with.

VII Stores Budget. -

The classification of stores for the preparation of the yearly Budget is not in accordance with the classification of stores under the several classes A to H adopted for compiling the accounts and for the preparation of the report furnished to the Agent and Government in S.42 return. Unless the same classification is followed in both cases audit against Grant will not be perfect and a separate compilation for verification ~~of~~ against the Grants has to be made in addition to the prescribed compilation now done in the Stores Journal, Classified Abstracts Ledgers Proofs, etc. The classification may therefore be uniform both for purposes of budgeting and accounting.

The grant for the debit to Stores including Suspense takes into consideration only Cash Payments. The cash debits relating to Suspense heads other than Stores particularly in the case of heavy payments to be made in London are not noted separately and it is not possible at present to say whether all such heavy items are taken into consideration while framing the Budget. It is therefore necessary to mention in the Stores Budget details of transactions under other Suspense Heads like purchases, London payments, etc, particularly when heavy amounts are either

either already outstanding or are expected to be outstanding at the close of the year.

Several excesses over grants under purchases of stores are noticed as shown below and have not been got sanctioned by proper authorities.

Coal Fuel etc, excess	Rs.55,781-0-5
Permanent Way Materials excess	28,528-2-0
Rolling Stock excess	15,150-7-0

VIII. Purchases Account. -

(a) The Purchase Registers for individual creditors now maintained in six volumes showing monthly debits, credits and balances horizontally with one page allotted for each party even though the transactions with him are few is elaborate and involves much waste of stationery. As contemplated in Para 213 of the Mysore Railway Code, Vol.II Part I one page is enough for a number of firms from whom stores are only occasionally ordered and in other cases an ordinary ledger showing the monthly credits and debits and balances vertically in the usual form may be adopted.

(b) The abstract of individual accounts that is prepared monthly may however continue to be maintained in the existing form.

(c) Several old balances and minus balances outstanding under this account as shown in the enclosed statement have to be verified and adjusted. An analysis of the items according to the oldest periods from which they are outstanding may be maintained in the Proof Sheet form referred to in Para X below so as to facilitate reconciliation.

IX. Deposits, Sales and Stores in Transit. -

Action has to be taken to recover or adjust early old outstanding amounts under these heads as shown in the enclosed statement.

X. Monthly Proof sheets.-

X. Monthly Proof Sheets. -

In respect of Stock Adjustment Account, Purchases Sales, Misc Advances, Deposits and other heads of accounts for which the balances have to be reviewed monthly a proof sheet in the form used in the Comptroller's office may be required to be maintained so as to show the periods from which the items are outstanding. This will facilitate locating the cause of difference and outstandings and also the review by the officer to see if prompt and proper action is being taken to clear old items of previous years.

XI. Codes. -

As there is no Form Book the prescribed forms are not known and it cannot be verified if they are in use in the form required. Paras 898 to 900 regarding Organisation in Vol.I, M.R.C.requires modification as suggested in Para 1 above. Para 901 has to be revised as there are no Store Depots at present. Para 904 has to be deleted as the Price Lists are not in force . Paras 908 and 924 to 930 and 935 to 937 regarding issues of stores should be modified so as to define the exact procedure for issues of P.W. Materials and Loco Stores which are in the custody of the Departmental Officers as part of Stores Balances Paras 931 to 934 and 940 and 944 may be deleted as there are no Depot Store Accounts or Tally Sheets. Para 962 has to be modified as Form Nos.S.19 and 20 are not being received.

As regards the corresponding Stores Audit Chapter V in Vol.II Part I Mysore Railway Code, Paras 187 and 188 have to be modified as Form. S.34 Monthly Account, Stationery and Manufacture Accounts are not in use. Para 208 may be modified as there are no Price Lists. Para 216 has to be enlarged so as to prescribe the procedure for adjustment of differences in the verification of stocks like P.W. Materials, Coal, Tools and Plant, Misc Stores, etc charged off to Final heads. Form D. prescribed in para 227

Para 227 is not in use. The comparative statement of wagons built locally and of wagons purchased in England (S.40) prescribed in para 231 of Vol.II is not being sent to Government.

XII. Cost of the Stores Department.

In our Railway all purchases of Foregin materials are done by the Stores Purchase Committee and the Trade Commissioner in London and most of these articles are issued direct to the workshops or other Departments, and are not issued through the Stores Department. Even under local purchases articles of large value like coal, sleepers timber, etc, do not pass through the Stores Department. The other local purchases amount to only about Rs.2½ lakhs. Even here the purchases of several articles are dealt with by the Stores Purchase Committee and it is only the work of custody and issue that is done by the Stores Department. However taking the sum of 2½ lakhs it is seen that the annual cost of about Rs.30,000, of the Stores Department works out to nearly 12 per cent of the value of the articles handled. This is undoubtedly a very heavy percentage. The percentage of the Stores Purchase Committee is only about one per cent. It is therefore for consideration of Government what measures are to be adopted for reducing the high percentage.

S.S. ~~Assistant Comptroller~~.

Particulars of Stores.	Balance according to the General Abstract.	Balance according to the priced Ledgers.
A. Iron Bridge Work	16,540- 0-0	17,150-11-3
B. Engineering Plant.	17,241- 8-3	12- 3-5
C. Workshop Machinery	12- 3-5	14,055- 4-6
D. P.W. Materials	96,546- 9-8	1,15,139-12-8 1,70,507-13-7
E. Rolling Stock	1,62,473-15-5	3,234-11-10
F. Station Materials.	5,089- 2-10	1,822- 0-0
G. A.Tools	7,360-14-4	6,935- 4-5
B.I Hardware, etc	7,053- 4-11	7,006- 3-2
B.2 Lamp	2,277- 4-4	785- 8-3
B.3 Leather	2,537- 2-6	2,461- 7-1
B.4 Metal	30,260- 5-7	29,506-15-3
B.5 Painters stores	3,238-15-4	3,146-12-7
B.6. Timber	2,185- 4-8	2,185- 4-8
B.7 Fuel	42,038- 1-6	45,827- 5-10 151- 2-0 103- 6-0 91-15-0
B.8. Furniture —	153- 2-5	237- 7-8
B.9 Cloth	1,097-11-8	1,098- 3-11
B.10. Miscellaneous	9,267- 8-10	8,982- 2-11
B.11 Stationery	1,068- 6-2	949- 1-4
B.12 Drawing Materials.	6,429- 1-1	5,703-13-10
H. Electrical Plant and Materials.	15,888- 6-4	15,845-14-1
Non-stock articles.	176- 7-0	176- 7-0

4,28,785-8-3 ✓

4,53,147-2-3

"Purchase Register."

(Minus Balances).

Outstanding from.	Item No.	Particulars.	Amount.
June 1935.	35	Coal.	36,010- 3-10
1st June 1934 (old)	45	Bombay Forest Deptt.	3-12-0
	93	Texas Co	368- 0-0
		Richardson and Cruddas	28- 0-0
		Burn & Co.	517- 4-0
1st July 1934 (old	44	Abdul Azeem, Aligarh	4- 8-9
May 1935	35	District Forest Officer, Mysore.	1,498- 2-0
1st July 1934 (old)	1	Thomas Charles	15- 0-0
1st July 34 (old)		Carborundum & Co, Ltd.	8- 0-0
March 1935	34	Vellore Foundry.	105- 0-0

Particulars.	Credit.	Debit	Outstanding from
Deposits.			
Balance amount outstanding against Earnest money deposits for stitching uniforms.	9-15-0		30-6-34 and earlier
Amount kept under deposits pending settlement of demurrage, due by B.Subbiah and Sunderraj	40- 8-0		do
Value of unserviceable materials sold in auction (Acceptance of charges from Departments awaited)	568- 9-0		April 1935
Recovery of B.S.O. Empty drums from several Station Masters.	33- 0-0		
Sales.			
Coal and fuel sold to Lady Todhunter.		4-14-11	
Value of rejected rails sold to Superintendent, B.P.L.		168-10-0	30th June 34 and earlier.
Value of one rail sold to the Industrial School, Chitaldrug.		12- 6-0	do
Stores in Transit.			
Amount allocated to stores in transit in the Monthly Summary for August 1934 of Executive Engineer.		32- 0-0	January 1935.
Value of stores accepted to the debit of Stores Suspense as per M.S.No.10 dated 8th December 1934 of Executive Engineer, Hassan.		11- 7-0	January 1935.

Hire of Rolling Stock

During Dasara in October 1935, a sum of Rs 2,748/- for hire charges on 71 vehicles and Rupees 4,027-5-0 towards haulage charges on 66 vehicles have been paid. The powers of the Agent to incur such charges have to be defined. It should also be verified if these vehicles were necessary.

Hire of interchange of Rolling Stock

It is stated that the bills of January 1935 to November 1935 are still pending final audit, for want of accepted summaries from the T.M. They have to be obtained early and the bills verified.

The following charges have been incurred from January 1934 to November 1935:-

	Due to M.& S.M. Ry Co.	Due by the M&SM.Ry Co.
July 1934	1,310-12- 0	-
August "	101-10- 0	
Septr. "	-	697- 4- 0
October "	1,135-10- 0	
November "	-	283-12- 0
December "	336- 6- 0	
January 1935	816-12- 0	
February "	847- 6- 0	
March "	1,397- 2- 0	
April "	1,561- 0- 0	
May "	1,137- 0- 0	
June "	915-10- 0	
July "	710-12- 0	
August "	865- 0- 0	
Septr "	993- 4- 0	
October "	781-14- 0	
November "	780- 4- 0	

(Not posted after this date)

It requires further verification why, in all the months from December 1934 to November 1935, the interchange is always in favour of the M.& S.M. Railway Co.

and whether such charges could not be avoided by a more careful scrutiny of the arrangements for interchange. If necessary a report may also be made to Government after collecting information regarding the stocks available in the Mysore Railways and the existing arrangements for the interchange and the heavy charges in the months March to May 1935.

Charges Recovered from the Postal Department

1. The interest on Capital account due from the Postal Department is still unsettled.

2. Lighting charges are not recovered from the Postal Department in respect of lighting supplied to the Postal vans.

AUDIT OF FREE PASSES

Irregularities noticed are reported in letters monthly. As a regular record of objections is necessary, they may be issued in the audit note form prescribed in the Code M.R.C.Volume II Part I Chapter I and a list of audit notes issued and not replied to or disposed of finally may be kept.

STATISTICS SECTION.

1. The South Indian Chamber of Commerce and the Geological Department do not made any payment to the Railway for the periodical returns of statistics sent to them. The necessity to continue this arrangement itself and if it is to be continued why exemption should be given are not clear. As the Railways are commercial Departments they should charge other Departments for work done. The point may be taken up and pursued with the Agent, Government and the Departments.

2. Several registers are posted in this section from working sheets which are not preserved for any inspection (e.g., Analysis of parcels to show imports and exports reported to the Director of Industries and Commerce; totals of train-miles each day worked out from all the guards' reports). Several registers are also in manuscript (vide e.g. Vehicle mileage register, train and engine mileage registers, adjustment register, register of ton-miles) The Gazetted officer may review and arrange to keep proper records of all working sheets in a suitable form and to get printed registers if necessary after scrutinising the exxisting forms.

3. Train - Miles.

The ~~Secretariat~~ Audit office works out the train-miles from the guards reports and the figure arrived at is posted into a register and is adopted for the "Approximate return of traffic". But the "Audited return of traffic" is posted from an account received monthly from the D.L.O. who also similarly works out the train-miles in his office. The figures of the Audit office and the Dl.O's office do not agree (vide instances in the margin) and they are not reconciled. The causes for the differences are generally stated to be (a) the proportion of train mileage in respect of mixed trains as between coaching and goods is worked out by the Audit office and not by the D.L.O. (b) the figures relating to engines run for

for shunting, special works etc., are taken by D.L.O. and ignored by the Audit office and (c) light engine are reckoned by the Audit Office as coaching or goods according to the class of train for which the engine works whereas the D.L.O. gives the figure in a separate column in his statement.

Month.	Difference.
July '35.	823
Aug. "	1543
Sep. "	1373
Octr. "	-1997
Novr. "	1427
Decr. "	1883

It is desirable that -

(i) the calculation in one of the two offices is dispensed with and duplication of work is avoided.

(ii) if the D.L.O's figures are accepted for the Audited Return of Traffic his figures have to be reconciled with those of the Audit Office at least in cases of large differences so as to reduce the difference to as small a figure as practicable. Necessary changes in the existing procedure with their objects in view may be effected.

In the Register of Train and Engine miles of B.M.M.N. and N.C. sections for 1st to 10th October 1935 the proportion of coaching and goods is shown as 863 to 241 whereas according to the summary of train-miles prepared by the Audit office the proportion is 2839 (1678 plus 567) to 241. The difference has not been traced but the former figure of 863 has been adopted as correct. Such differences and connected adjustments should be got approved by G.O. also.

Engine Miles -

The Audit Office does not obtain any records to work out engine miles. The information furnished by the D.L.O. in his monthly statements is accepted without any verification. A local verification once a year at least by the Accountant in the Loco Superintendent's office is necessary.

Sundry Earnings.

The audit of Miscellaneous earnings should be entrusted to an audit section instead of to the statistics section, and

and detailed rules framed regarding the nature and scope of the audit to be conducted.

Form S.T.9 as printed at present, which is used for recording the earnings is not suitable and requires revision so as to show the proper heads of receipts.

Quarterly statements of time table books and coaching and goods tariff pamphlets supplied to various stations are received from the Traffic Department. The debit should be verified from these statements and the stations accounts.

NOTES ON THE INSPECTION OF THE ACCOUNTS OF THE ESTABLISHMENT AUDIT SECTION.

1. The register now maintained for recording the payments authorised towards establishment charges is defective in the following respects:-

(1) It does not show the additions to and deductions from the sanctioned scale from time to time.

(2) It does not record the payments relating to a particular month, whether in original or supplemental bills, in one and the same column or place so as to verify whether the total payments authorised for the month have exceeded the scale.

(3) It does not show increments accrued to officials from time to time, and audit of incfements with reference to office orders passed in previous years in the limited period available for passing the establishment bills becomes a very difficult task.

(4) The Auditors carry out necessary checks at present with reference to various records.

(a) previous month's bills and the memorandum of differences.

(b) Agent's sanctions for increments which are filed separately.

(c) Government order or other specialorders which are noted in a separate Audit Clerk's Note Book.

This mode of checking has got several defects, A compari-

son

comparison with previous month's bill in each case will be a very difficult task, as those bills would be pending final disposal either with the Pay clerks who might not have completed disbursements, or with the Cashier who might not have returned paid bills to B.B.Section or with the Departments who might not have returned the bills after payment (e.g., B.C.L.Railway bills) or with the B.B.Section who might not have completed the post audit. It would certainly be a very difficult and at times impossible task for each auditor of the Establishment Section to get the previous month's bills in all cases from various persons as noted above after tracing the whereabouts of the bill. It may be said that such a check is not at present being exercised by the auditors, except in some cases where they may feel a doubt.

In several cases the memo of differences gives no proper explanation for differences and the auditors have to plod through the correspondence or files of sanctions or verify with previous month's bill to ascertain the exact reasons for variations shown in the memo.

Another important defect of verification with previous month's bill is that if in one month a mistake goes un-noticed the mistake can go undetected in all future bills as the defective bill of previous month becomes the basis of verification of the subsequent month's bill. There will not be one common and verified standard (as in the fly leaves of Civil Audit Office Establishment Audit - Registers) from which to check the bills of the months.

To verify payments with the Agent's sanctions the Government orders, the connected files will have to be looked into and it may be difficult for a new auditor to do this work quickly and satisfactorily when there is a change of auditors.

In the case of establishments sanctioned for temporary periods, the absence of a proper note in the Audit register may lead to payments even after the period of sanction has expired.

As there is no record in the Audit Register which would show

show the permanent incumbents to various posts the verification of bills for acting and S.P.T. arrangements is thereby made difficult.

In respect of all these points noted above, the Superintendent and Gazetted Officer may not also be able to exercise proper supervision in the absence of a proper record in the register.

A proper increment certificate showing the date of last increment newly sanctioned is not furnished by the department.

Although the number of men under each class of appointment is noted in the Audit Register, the number paid is oftentimes more or less than the scale (vide statement enclosed showing such differences in January 36 and March 36) and no explanation is noted in the register for such variations.

The absentee lists received from the departments do not often show the substitutes working in leave vacancies (e.g. vide station bills where relieving officers are posted for short periods). As a result of these practical difficulties the auditors often take 3 to 4 days to check a single bill in some cases as they have to obtain necessary information from various records and sources.

Under the circumstances it is desirable to have the form and procedure for audit of Gazetted officer's salary and non-Gazetted establishment bills now obtaining in the Civil Audit Office introduced in the Railway Audit Office also.

If the audit registers are kept as in the Civil Audit Office, the following register and accounts now kept may be dispensed with:-

(1) The Audit clerk's register showing all sanctions

(2) the service registers which are now maintained by the Audit office for all the Gazetted officers of the Railway department

(3) Memo of differences received from Department.

II Leave Rules.

The leave rules shown in Appendix XIII M.R.C. require to be revised on the lines of the new leave rules in the other departments of Government as noted below:-

below:-

(1) The total period of combined leave in rule 5 may be reduced to 15 months from 21 months.

(2) The maximum amount of combined leave in rule 6 (i) and 12 has to be limited to 3 years instead of 5 years.

(3) Leave without pay should not count towards increments of pay (Rule 15 (b)

III.PROVIDENT FUND LEDGERS.

(1) The difference between the detailed ledgers and books has not been correctly ascertained and reported in the yearly reviews of balances. The correct difference has to be ascertained immediately by arranging for the preparation of a balanc statement as on 30th June 1935 and adjusted.

The balances of none of the following four records kept in connection with provident fund accounts agree with one another.

1) The detailed ledgers
2) Check Registers
3) Statement sent to Agent
4) Books Section registers.

The several figures have to be reconciled early.

The form of P.F. Check Register may be altered so that it may be a current extract from the ledgers for all months. The check register in the elaborate form now kept so as to extract each ledger account for each month may also be dispensed with if a total check account is kept in the last pages of each ledger and a broadsheet of such monthly totals is kept for agreement with book figures every month. An agreement of all the ledger balances with the book balances may be effected once a half year.

The form of the P.F. ledgers should also be modified so as to provide columns for posting refunds of loans which are now posted between two lines in the register.

Old and Dead Accounts.

Several dead accounts which are outstanding for a long time have to be verified and adjusted early.

Several amounts are outstanding unclaimed for over 3 years

years. They may be adjusted according to rule 37 of P.F. Rules.

There are minus balances (vide item No.77 for Rs.14-6-0) which have to be verified and recovered or adjusted.

IV. Security Deposits.

1) The account may be balanced in future at the end of June instead of March so that verification of balances with the B.B. Section figures may be facilitated, If the existing procedure is continued the form of the check register will have to be altered as shown above in respect of P.F. Check Register.

2) A difference ~~of Rs.~~ ——— between the detailed ledgers and B.B. Section books at the end of March 35 has yet to be traced and adjusted.

3) All the Security deposits may be deposited in the Treasury Savings Bank in the names of the parties and the pass books got pledged as security with suitable agreements. This will save work for the audit office and reduce audit charges as the posts of clerks who maintain the accounts may be abolished.

Dead Account - Rs.1,764-9-0. A large number of old accounts are outstanding. They have to be verified and adjusted early.

Accommodation. - In the case of provident fund and Security Deposits balances it is desirable to obtain acceptances of parties and file them. Form P.F.2 which is now issued to parties intimating the balances may be suitably altered so as to provide for its return with acceptances. A sentence may be added that if discrepancies are not intimated the balance will be taken as correct and accepted.

V.Disallowance Lists.

(1) An outstanding list of Dis.lists not yet attended to by the departments in any quarter has to be prepared at the end of the next quarter and taken to the register of objectionable expenditure and reported to Government periodically and included in the Audit and Appropriation Report. Thi

This is not being done now.

Important defects noticed in preaudit though got rectified, may be noted in a separate register of important irregularities and mentioned in the Audit and Appropriation Report.

VI. Overtime allowances.

The overtime allowances paid to drivers and other officials in a month are in several cases very heavy as much as or even more than the pay itself. But no audit check is exercised in these cases in the Central office. During local audit the accounts of 6 drivers for one shed are test checked each month. If the audit office could arrange only for a test check, it is necessary (as in the case of deal accounts also) that a qualified Accountant posted in the Dt.Loco Superintendent's Office performs a complete audit each month before the pay bill is prepared and sent to audit office.

As in the case of overtime bills of Government Press the local auditor should completely audit all the overtime bills with reference to initial records like Drivers Journals etc.,

A similar check is necessary for mileages claimed by guards etc.,

VII. Relieving Allowances.

The absentee statements do not in several cases show the substitutes and the verification of relieving allowance bills is therefore not possible. A circular may be issued pointing out the need for removing this defect.

Change of audit personnel in connection with items of work like the above which involve laborious work and which by nature is difficult for efficient scrutiny by the Superintendmay also be considered.

VIII. Provident Fund Loan Register.

Every establishment bill auditor keeps a register showing the instalments of provident fund loan recoveries in addition to the usual loan account kept in the same section by the auditors of Provident Fund account. This seems to be unnecessary duplication of work which may be avoided by dispensing with the registers kept by the bill auditors and arranging

arranging for a proper scrutiny by the auditor of the Provident Fund Account who, as soon as he completes the postings in his ledgers, may verify cases of non-recoveries and report to the bill auditors as well as the Department for necessary action before the next pay bill is prepared. As the Provident Fund loan is fully covered by assets and interest is paid only on the balances in the accounts, there will be no danger or loss in following this procedure. Each office or section must keep a register of deductions which will enable them to prepare the bills correctly and arrange for recoveries. This m may be prescribed.

The establishment bills of the Railway Audit Office were not being got audited by Comptroller, although this was required tobe done under para 263 of M.R.C.Vol.II. This work should be got done in future.

IX Court Attachments.

The amounts recovered towards Court attachment orders have to be accounted for according to the recent G.O. No. ~~dated.~~ G.O.No.71 5061-1609.7.407-34 dated 16.12.35.

X. Fine Fund.

According to G.O.No.R.S. 1883-36/186 G.29-29 dated 2-3-29 a Fine Fund is constituted (as in other foreign railways) to which all fines recovered and unpaid bonuses and interest of dismissed officials is credited. Any expenditure could be incurred by the Agent for the benefit of the Railway employees out of this fund. The balance under this account has increased to Rs.15,501-4-6 as at the end of September 1935 and is invested at present in the following securities and accounts

Savings Bank Account. 1387--8--7
Fixed Deposits.....2000--0--0
State Loan Bonds.....10000--0--0

It is doubtful if such a fund account is necessary in our State (though it may be in force in other railways) as Government are prepared to consider all legitimate proposals for the benefit of the employees and are providing for them. The investment of this balance in securities requires approval of Government. In view of the heavy balance under this head, it is for consideration whether future credits of fines to

to the fund may not be ~~xxxxxx~~ either fully or at least partially stopped for some temporary period.

Although para 557 of M.R.C.Vol.II refers to detailed rules regarding this Fund account in Appendix XV, this Appendix is not found in the codes. A suitable correction slip has to be issued early.

XI Deposits.

Several minus balances are outstanding at the end of June 1935 which have to be verified and recovered or adjusted (vide items 3, 4 and 14)

XII. Miscellaneous Advances.

Several old items of 1929 and prior periods are outstanding unrecovered. A special report to Government is necessary. The balance on 30-6-1935 according to the sectional register is Rs.2,297-1-6 whereas the balance in B.B.Section books is 2,595-2-6. The difference has to be traced early and adjusted.—

XIII Recoveries of water charges, Electric Charges, and Conservancy charges and rent.

The existing procedure for checking these recoveries cannot be said to be perfect as a record of the demand is nowhere kept and the recoveries are not verified with the demand and the unrecovered balances are not adjusted. It is desirable to arrange for such a check each month and to ascertain unrecovered balances.

From the rent roll for January 1936 of the loco Running shed house No.360 is omitted and no explanation is obtained to show whether it was occupied or not and why no rent was recovered. House No.364 is noted as vacant without giving any reasons therefor and stating when it fell vacant. House No.356 consists of two quarters Nos.1 and 2 and only one quarter is shown in the rent roll. These discrepancies are not being enquired into.

XIV. Audit without distribution of grant.

The allotment in the authorisation Rolls for 1934-35 under III (i) (a) T.A. and overtime to running staff is Rs.3,550/- There are two auditors, one in the Establishment section auditing the bills of Carriage Inspectors and in the X Section

auditing the bills of cleaners and oilers. The grant is not got distributed between these two sections for audit purposes and audit is being conducted without this information. Such cases under other heads have also to be enquired into.

Advance of T.A. When the imprest sheet is audited and the classification for the debit is given the Accountant in charge of the Establishment section should simultaneously initial each entry in the Advance Register. As each recovery is effected he should similarly initial the credit entries. At present this check to see that no debit is omitted or credit improperly given is not being exercised.

Revision of Codes.

Paras 239, 275 and 277 of M.R.C.Vol.II has to be altered as the Authorisation Rolls show also posts the pay of which does not exceed Rs.250/- per mensem and a detailed audit check against numbers also is being exercised in respect of them and these rules conflict with the rules in para 39 M.R.C. Vol.I. Para 250 requires alteration as there is no Family pension Fund.

Para 256 regarding court attachments have to be altered in accordance with G.O.No. No.5861-160. dated 16th July 1933- 4740-32 paras 298 to 302 require modification as the registers mentioned therein are not in use. Rule 148 (2) regarding receipt stamps forpaymants of only net amounts exceeding Rs.20 to be modified.

Para 120 of M.R.C.Vol.I has to be removed as the special rules applicable to Europeans are not in force and a correction slip has to be put up incorporating the rules in G.O. No. dated

B. B. Section.

Exchange Accounts.

The balance under the heads C.D.I. and III("Remittances to Civil from Railway Department)" and "Items adjustable by Civil Department") have not been verified and correct details are not available. This important work is in arrears for a long time and a correspkndence is going on between

between the Comptroller's office and the Audit Office without any final action to reconcile the figures and adjust old items. The work has to be completed early by mutual verification.

The Railway Audit Office should maintain registers mentioned in Article 812 to 815 of M.A.C.Vol.IV. and a progfess register in the form required in Article 826 of M.A.C.Vol.IV. as the rules in this Code are applicable to the Railways also. This progress register should be reviewed monthly by the Auditor. The Reviews of balances furnished by the Audit Office for the heads C.D.II and IV show several old differences prior to 1922-23 when the accounts were kept in the Comptroller's Office. They have to be traced early and adjusted or Government sanction obtained for their writeeff.

Inter--transfers (old).

A heavy debit balance of Rs.1,80,808-13-7 is outstanding unverified and unadjusted since 1921-22. As it is a debit balance, the big items of differences should be arranged to be traced immediately and Government addressed regarding minor items for which details may not be available.

This balance is not even outstanding in the Railway Audit Office ledgers. It is stated to have been closed to Government, without the sanction of competent authority. As there is no account head to exhibit this large outstanding difference it is all the more necessary to pay special attention to it with a view to prompt clearance.

Depreciation Fund Account.

A detailed register may be kept showing the details of the debits and credits and opening and closing balances under this head. It may be written up monthly from the journal entries and got reviewed by the Gazetted Officer.

Government Account.

A regular ledger account is not kept for the closing entries to the credit of debit of "Government" account. This may be arranged for and suitable subsidiary rules framed and incorporated in the Codes (Vide similar rule in Chapter 24

&4 of M.A.C.Vol.IV);

Review of balances.

The reviews of balances may be got printed in 3 parts as follows:-

(1) Balance borne on the Railway Office ledgers

(2) Balances borne in the subsidiary books kept in each audit section.

(3) Balances borne in the Comptroller's books and not in the Railway ledgers.

(4) Balances borne in the Railway Books and not in Comptroller's books.

OLD OPEN LINES.

Test Audit at Madras.

1. The main items of work requiring verification are mentioned in M.R.C.Vol.II - Part I Chapter IV. The Test Audit Officer should be requested to report every month on or before a due date to be fixed that the inspection as laid down therein has been completed or he may send a copy of the report given to the Government Examiner containing the points noticed. No report has been so far received from the Officer after April 1935.

2. The Officer will have to exercise a percentage check of certain portions of accounts each month so as to cover all portions relating to the Mysore Railways in the course of a year. A programme of work should be fixed beforehand and approved by the Auditor.

3. The work entrusted to him relating to the preparation of inventories of capital assets of the Mysore State Railways has to be got completed early.

4. A register may be maintained in the audit office showing the various reports received from the Officers, the points raised therein, the action taken thereon and their final disposal and the outstanding points at any time.

Audit of returns received at Mysore.

In the monthly statement of incomplete capital works received from the Company several works commenced in the years

years 1929-30 and 30-31 are still outstanding. The Company may be requested to arrange for their early completion in view of the approaching resumption of the lines.

Estimates for capital works received in future may be scrutinised by the Audit Office with a view to see if they could not be delayed till the resumption of the lines, if they could be completed before the resumption, and if estimates relating to future junction stations are in the interests of the State. Whenever the estimates are certified Government may be informed on these aspects of the case.

The work relating to the preparation of lists of capital works from the returns received from the Company may be arranged to be completed early so as to facilitate the preparation of the inventories referred to above.

Agreements with the M.&.S.M.Railway Company.

The points mentioned in the following paras may be got verified by the Test Audit Officer at Madras, whereever information is not available in the audit office.

(1) Rent and Maintenance charges of telegraph lines. The procedure adopted in calculating the special charge may be got verified.

According to Clause 15 of the K.G F. Railway agreement of 1902, provident Fund contribution to staff is debitable to State Railways only under certain conditions. It requires verification if these conditions are satisfied.

JOINT STATION AGREEMENTS

1. A list of objections raised in audit and still outstanding unsettled has to be prepared and got settled early before the lines are resumed. A suitable register of objections raised, cleared and outstanding may be kept in future. The accounts of the years ended March 1934 and March 1935 are not yet finally audited and disposed of, as the Departmental Officers have yet to countersign several portions of the accounts and return them. (Vide letter No.1537 dated 2nd May 1936 addressed to the T.M.) Early action has to be taken in the matter and inordinate delays reported to Government.

2. As soon as the accounts are audited, they should be enfaced with an audit stamp and attested by the Superintendent and Gazetted Officer in token of their supervision.

3. The shunting charges paid at Bangalore are heavy (being Rs 79,718 for the year ended March 1935). It is calculated according to the "average cost per train mile" of the previous year. It requires consideration if the work cannot be got done by the Mysore Agency or if a revised or fair method of calculation so as to reduce cost cannot be adopted.

4. In the Arsikere Joint Station Agreements (Cl.21) it is provided that "sale of lost property, unclaimed goods licenses etc" has to be credited to the joint station account. It requires verification if this has been done.

5. In all other agreements also, it may be generally contended that all demurrages, warehouse, storage and

wharfare charges have to be credited to the joint station account as they are similar to rent on buildings which is credited to this account. The position may be examined to see if any claims could be made.

Railways of Local Boards worked by Government working expenses charged to N.C.Railway

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In the agreement with the N.C. Railway, it is provided that the working expenses will be calculated at 65% of the gross earnings and that this rate may be revised by mutual consent at the end of five years from August 1936 (Cl.13). The actual working expenses incurred appear to exceed this percentage and there is no justification for benefitting this Railway at the expense of other local board Railways and the State Railways. The position may be reviewed with reference to actuals since the date of working this Railway and a report furnished.

It may be examined why the earnings of the N.C. Railway should not be credited to a deposit head as a non-budgetted item.

Depreciation Fund for N.C.Railway

In respect of N.C. Railway a fund to meet depreciation charges has not been provided for. Actual charges are towards heavy renewals and replacements are debited to the Board and recovered from them. At a certain stage the repairs and renewals may be so heavy that the Board may not be able to meet them unless a fund account is created and a portion of the surplus profits is transferred to that account.

Apportionment of expenses -

Special charges of 5% of earnings for supply of Rolling Stock and Rs 47/- per month for telegraphic expenditure are levied on this Railway. The adequacy of these charges may be considered.

Inventories -

At a time when any local board desires to take over the entire management of its Railway, it will be necessary to furnish them with a correct list of their properties, their cost being agreed with the book balance (Vide also para 14 of N.C.Railway Agreement which requires that such an inventory should be supplied to the Board). Such inventories should be arranged to be prepared separately for each local board Railway and maintained upto date.

Kolar District Board Railway Account -

In the capital account of this Railway, a sum of Rs 6,979-9-9 is outstanding under "Suspense" account from a very long time. It is stated that this amount has to be transferred to the capital account of the State Railways. If this adjustment is effected, half the amount will have to be refunded to the District Board. Immediate action will have to be taken to verify the amount to effect the adjustment and to intimate the Board.

Suspense balances outstanding on 30th June 1935 under the capital account as shown below have to be cleared or adjusted.

B.C.L.Railway	Suspense Mis.Advance	- 439-13- 8
A.A.Railway	do	23- 0- 0
do	Stores	4,405- 7- 0
2 Ft. Railway	Mis.Advance	- 2,297- 1- 0

Bills recoverable from M. & S.M.Co.

In the case of the undermentioned charges recoverable from the M.S.M.Co., Ltd., any bill furnished by the Loco Superintendent or the Departmental Officer is forwarded to the M.S.M. Railway Co., without verification by local audit or in central audit obtaining suitable monthly returns.

(1) Cost of terminal charges for M.S.M.Co Engines turned on the turn-table at Birur

(2) Proportionate share of expenses of maintaining staff at Chickjajur and Birur

(3) Cost of stores issued to inter-changed vehicles at Chickjajur and Birur

(4) Shunting performed by the Mysore Railway Engines at Birur and Chickjajur.

Fitter for "H" Type Saloon -

A fitter on a pay of Rs 40 is employed permanently for attending to "H" type saloon with the M.S.M.Ry Co., Ltd. at Madras and the cost is debited to "General Administration". It requires consideration if a permanent hand for all the months is necessary and any work attended to by him cannot be got done by the M.S.M.Ry Co., at a cheaper cost.

General

(1) A separate staff for the revision of Codes and the compilation of sectional manuals is necessary for a temporary period.

The Mysore Traffic Manual and the Stores Manual requires revision. A compilation of Engineering Manual for the Mysore Railways is necessary. There are certain rules in these manuals applicable in audit also.

An Accountant for local inspections and for checking the work of the various sections as laid down in para 214 of M.R.C. Volume II Part II is necessary.

Audit Certificates

Each audit section may be required to furnish monthly a suitable certificate signed by the Gazetted Officer in charge stating that all the vouchers and

accounts have been duly audited, and filed. These certificates may be obtained by the B.B. Section and submitted to the Auditor for information and orders.

According to para 41 M.R.C. Volume II Part II the intervals at which the registers of the audit office are required to be inspected by the Gazetted Officer in charge of the Sections are fixed. But reports of such inspections are not regularly received.

According to para 43 the Auditor is required to issue detailed orders regarding the extent of the check to be exercised by the Superintendents. These orders have to be framed.

Shortages in Library Account.

The last report of the Stock verifier re. verification of Library books was not made available for inspection. It is stated that certain shortages were noticed on which final action is not yet taken.

C o d e s

The rules in the Mysore Railway Codes require revision as instanced below -

M.R.C.Vol.I

Chapter I contains several rules relating to recruitment etc which are not in force.

Chapter II - The classification of earnings in paras 205 to 207 requires modification. The intermediate periods in para 214 are changed.

M.R.C. Vol.II

Several registers kept in the Goods Section have to be included in the Code.

RAILWAY AUDIT OFFICE.

Goods Section

Percentage checks by supervising officers.

In the process of detailed audit of the invoices, demurrange charges, undercharges and the Foreign Division sheets, neither the Superintendent nor the Gazetted Officer is able to exercise any percentage check. Such a check is quite essential with a view to see whether the subordinate officials discharge their duties properly. The work relating to Local and Foreign traffic may be so recognised as to enable the Superintendent or an Accountant under him to check at least 10% of the invoices and accounts. The Gazetted Officer may allot the portions to be reviewed by the Superintendent and Accountant and review their work by keeping a suitable register therefor, the returns of Stations and Railways being so arranged for review that all of them will be reviewed completely in one year and furnish a report of such review every month to the Auditor.

As invoice checking is a highly technical work a well qualified Accountant with long experience in this work may be asked to recheck at least 10% of the invoice.

The total amount of goods earnings shown in the Traffic Book should be agreed to monthly with the amount shown in t sectional proof sheet and the Superintendent and Gazetted O Officer should see that this working is attended to before passing the proof sheet. During October 1935 the following difference is noticed.-

Earning according to the Traffic Book		Rs.41,704	10
- do -	proof sheet	Rs.46,478	12
	Difference ..	Rs. 4,774	2

In order to facilitate this agreement it is desirable that special debits and credits shown in the Balance Sheet which generally account for the difference are shown in a separate column in the Traffic Book and a separate proof sheet is maintained in the Audit Section for these items. Unless this work is done regularly it would not be possible to state that all the amounts shown in the Station Balance Sheets have been properly audited and accounted for.

A register is kept for recording the items of special debits and credits shown in the Balance Sheets and the action taken in respect of them. But this register does not show the outstanding items on any date and several old items are also outstanding. Old items should be cleared early and a list of outstanding items should be made periodically not less often that once a in a quarter and reviewed by the Superintendent and Gazetted Officer. The Goods Section Superintendent is at present noting down action to be taken in respect of individual items.

Claims Account.

A proper audit of claims is not being done at present. A monthly statement of claims settled by the Mysore Railways is received from the Traffic Manager. In these statements and in the column 'particulars of claim therein', no details of each case are given for purposes of audit. In the pay orders issued by the Traffic Manager the head of account is given as 'compensation for damage', 'refund of 3rd class fare' &c. These pay orders are checked in the audit section, initialled by the auditors and returned to the Traffic Book Section. Neither the Superintendent nor the Gazetted Officer passes them. It is desirable that in future (a) the pay orders are entered in an audit register by the Goods Section,

(b) The Superintendent and Gazetted Officer pass them and attested the entry in the audit Register in token of their review.,

(c) Sufficient details of the nature of the claim, the circumstances under which Government had to bear this charge are got noted on the pay-orders or otherwise ascertained for audit purposes, in respect of cases exceeding a fixed amount say Rs.100/-.

(d) a note of such payment is made on the original invoice over the initials of the Superintendent to prevent duplication of payments.

Cases of heavy loss may also be reported to Government and mentioned in the Audit and Appropriation Report.

For example, although the consignment relating to Invoice 244 dated 24-10-35 Ex Bangalore City to H.A.H. for 2 bags sojee 2 bags B.G.flour weighing Mds.4-32 and 4-18 is booked under risk note 'ORA' a claim of Rs.5-8-0 is passed by T.M. (Vide P.O. No.91/66 of 13-2-36).

According to para 190 of the Government Examiner's Office Manual, Madras, pay orders for compensation claims should be checked with reference to invoices, reports of losses and damag and other connected papers. Payments of compensation for goods lost or destroyed in transit should apart from the scrutiny of the evidence of loss and damage and the admissibility of th claim, be analysed with a view to see what classes of goods ar most liable to loss or damage in transit, what precautionary measures in regard to packing and loading conditions are taker Such rules may also be introduced in the Mysore Railway Code and necessary action taken.

In respect of claims settled by the Foreign Railways, bills received from the Foreign Railways are not even sent to the audit sections and subjected to any audit. The Traffic Book Se tion passes these bills with reference to the monthly statement of claims settled received from the Traffic Manager. Although full details of the claims and connected correspondence may be available only in the offices of the foreign Railways, the Audi Section may at least verify if the connected invoices, way bill &c., have been originally adjusted in the Division Sheets and that no duplicate claim is preferred in respect of the same invoice and way bill.

Lost and unclaimed property.

If an unclaimed property is sold in public auction and the sale proceeds fall short of the freight due by not less than Rs.10/-, the deficiency shall be debited to the foreign Railways and the Mysore Railways in proportion to the freight originally credited, according to rule 21 (iv) of the Conference rules Part II. No such verification of the Auction Sale Accounts is being done at present. Amounts realised in auctions are noted in the margin. Detailed statements for these sales showing the original amounts of freight due, the losses and the amounts, if any, recoverable from the foreign Railways are not available for inspection. The audit office has not obtained such a statement and verified.

Date of Auction	Goods	Parcels
June 34	4-8-0	682 5 3
December "	95-7-0	883 4 3
August 35	6-3-0	646 13 9

Credit Notes.

Several errors have been noticed in the audit of credit notes and once the C.S.K. has also reported the matter to the Agent. Proper supervision and percentage check by the Superintendent and Gazetted Officer is necessary.

At present, no credit note is checked by the Superintende or Gazetted Officer. Credit Notes, which are generally received late from the Traffic Book Section, are delivered to the respective auditors who receive them, check them and return them to the T.B.Section. In future they may be required to enter them in a suitable audit register, obtain the initials of the Superintendent and Gazetted Officer thereon and in the register and then return them. The Traffic Book Section may see that the initials of the Superintendent and the Officer are recorded on them before receiving them.

T.A. 6 Registers.

The unadjusted balances outstanding in the T.A.6 and T.A.6(A) (foreign) registers of the Audit Sections are not reconciled with the balances shown in the Traffic Book G.D.6 register kept by the Goods Section). The differenc have to be traced early and adjusted, and such differenc should not exist in the accounts of any month as the Tra Book is only posted from the Audited returns furnished b the Goods Section.

Excess Register (G.D.3).

This Register shows the items appearing in the Forei Division Sheets for which forwarded abstracts have not bee received from the Stations. A balance of such outstanding items (i.e., items not rounded in red ink) has to be worked out and reviewed monthly.

Weight Register.

This register shows the differences in weights as noticed by the receiving station and as originally recorded in the invoices by the forwarding station. This important registe

has not been reviewed from January 1933 to December 1935 and heavy differences (Vide instances in the margin) have no been reported to the Traffic Manager for necessary action.

Item No. in the register.	Weight in the forwarded return.	Weight in the received return.
244	720	802
218	191	216
206	400	478
194	320	450.25

Similar cases in future may be included in the A & A report also suggests penalty also.

An interesting case of overcharges claimed in respect of tobacco booked from Tiruppur on 3 occasions within a few months was noticed in audit and reported to T.M. in letter N 264/3593 dated 17th April 1936, suggesting that a rule on th lines of rule 17 in page 192 of B.N.Railway Goods ~~Traffic~~ Tariff Part I A.No.2 in force from June 1934, may also be inserted in the Mysore Goods Tariff. But the T.M. did not accept the proposal in his letter No.G.R.74/36 dated 23-4-36. It is desirable to reconsider the question and suggest proposals to prevent losses to Government on account of underweights recorded in invoices at forwarding stations.

Oil Siding at Mysore.

There is a new oil siding at Mysore and a siding charge of Rs.2/- per 4 wheeled wagon is levied on wagons shunted to the siding for loading or unloading kerosine oil near the installations. The siding charge is included in the invoice It may be verified and intimated if this charge includes the interest and maintenance charges on the capital cost of the siding and whether the oil Company should not bear such charges.

Station Outstandings.

In the lists of unadjusted outstandings received from the stations, old items are outstanding (Vide e.g., Mysore Static list in which items of December 34 and June 35 are outstandi The Superintendent has reviewed these lists and marked items on which action has to be taken. They have to be cleared early.

Rate Lists.

The rate lists now kept in manuscript by each auditor showing the charges to various stations from particular station may be got approved by the Superintendent and Gazetted Officer and got duly printed as an authoritative document for audit purposes.

Tariff rates.

At present the Agent is the final authority for fixing the various tariff rates for goods and coaching, between certain maxima and minima fixed for all the Railways and he can grant such concessions as he likes within these limits in particular cases. It is desirable to grant concessional rates only if a certain minimum traffic is guaranteed or the revenues to Government have thereby increased.

The Good Section and the higher audit section of the Railway Audit Office may scrutinise the concessions already allowed by the Agent with reference to the volume of traffic before and after the grant of the concessions and report on their financial effect to Government.

A Railway Advisory Committee was formed by Government with a view to discuss and record their opinion on alterations in the Time-Tables of passenger trains, and rates and fares, proposals in regard to new projects and expansions and Rolling Stock &c. If in any case the Agent who is the Chairman of the Committee is not able to follow the advice of the majority he shall bring the matter to the notice of Government when forwarding the minutes of the meeting (Vide G.O.No.R.S.16-48/Ry.F. 224. G.33-34 dated 4-7-35). The Audit Office may in future verify, if at least this procedure is followed in all cases of alterations in rates and fares. According to para 217 of Government Examiner's Office Manual', Concession rates' have to be checked to see if they are sanctioned by competent authorities and recorded in the minutes of official meeting. Each circular, advice or other statement received from the Agent should be checked, stamped, 'Audited', initialled by the

Auditor, Superintendent and filed. Similar rules may be framed and followed.

Issues of free Invoices.

Free Invoices have been issued by Stations in a large number of cases as noted in the margin, in respect of goods despatched to various stations. A statement of such cases is furnished to the Traffic Manager periodically. Action taken thereon is not being ascertained. This may be done in future and also reported in the Audit and Appropriation Report.

	No. of cases.
During 1934-35	174
do 35-36 up to 16-5-36	126

Local Missing Invoices Register.

In this Register, no remarks are made in May 1933, to show if all the invoices noted therein have been since received, audited and filed. From November 33 the register is being kept posted. The entries in the prior months (including May 33) may be reviewed and action taken noted in the register.

R.M.C. Invoices.

Both forwarding and receiving stations send returns which are compared and a register is kept showing the vouchers missing in the respective returns and also the items accounted for by the Departmental Officers and not by stations and vice versa. All the outstanding items have to be got cleared early.

Invoices not returned by Foreign Railways for final record.

Some old invoices are not yet returned (Vide e.g. No. 1261 and 1945 of August 29 of M.S.M.Railway, Nos.188 & 198 of March 35 of C.T.Railway, Nos.276,420 & 384 of May 34 of G.I.P. Railway, No.3 of Novr. 31 of B.S.N.Railway). The register kept for this purpose may be reviewed by the Gazetted Officer in charge and action taken to get the invoices early.

Refund of Overcharges.

The entries made in the register in respect of refunds

of overcharges should be got attested by the Gazetted Officer in charge.

Timber Handling Bills.

Payments are made at Bangalore at a rate of Rs.2/8 according to Agent's Memo No.7074-5 dated 26/28th January 1929 and the rate of Rs.2-3-0 for payment at Arsikere, it is understood was also fixed long ago (the original order not being traceable). The payments in these cases are made to the Station Masters. It requires consideration if the rates fixed several years ago do not require revision and if tenders could not be called for, for this work and the lowest tender accepted.

Test check of Invoices for October 1935.

Sugar cane in wagon loads is being booked from Station on B.M.Section to Mandya. In the case of invoices issued from Byadarahalli and French Rocks the rate per ton quoted by T.M. is 0-12-0 per ton and charges for 10 tons loaded wagons work up to Rs.7-6-0 only; but the booking stations charging at Rs.8/- per wagon. The excess charge of 0-8-0 being refunded to the Company separately. The stations m be advised about the correct procedure.

Invoice No.11 of 18-10-35 Ex Ask to Mys. 5 bags copra and 4 bags menthi.

These consignments are booked at Ry.risk, but a remark is made stating that they are liable to damage by wet.

(a) Why the consignment was booked at Railway risk in spite of the remarks is not clear.

(b) Whether the compensation of Rs.2-4-0 paid by the T.M. in his P.O. No.79 of 26-11-35 is in order has to be further enquired into.

Sorters Accounts.

The sorter should keep a register showing in detail the returns due under the heads G1,G2 & G3 as well as those not received from the Stations on the due dates and obtain the acknowledgment of the auditors for the returns handed over to them each day.

Error Sheets.

In order to save work and unnecessary correspondence it is desirable that error sheets for amounts less than a fixed small amount - say 0-4-0 need not be issued with the approval of the Gazetted Officer, unless it is noticed that the error is recurring and discloses a serious defect in the working of the station.

Manuals.

The audit of accounts in the Goods Section is in several respects governed by circulars and orders issued by the Agent, and foreign Railways and local rulings which do not generally find a place in the Account Code. A separate sectional Manual may be arranged to be compiled immediately.

Audit & Appropriation Report.

The Audit & Appropriation Report should include a para regarding several important points noticed in this section e.g. differences between invoiced amounts and amounts shown in the Balance Sheet showing incorrect cash accounts at stations (Vide error sheets G.A.L. 25,26 & 28 of January 1936), invoices not accounted for by stations (Vide letter No.Mis. 111/3361 dated 17-3-36 addressed to the D.T.S.) incorrect weighments (Vide para supra) heavy losses in auction sales of L.P.O. station outstandings, unprofitable concession rates &c. Detailed statistics of objections raised and outstanding may also be given. It is necessary to define the procedure and lay down definite rules in the matter to enable the section to prepare the report (Vide Chapter VII of Government Examiner's Office Manual).

Inspection Reports of I.T.A's

1. The accounts of the lost property office, Mysore, have not been inspected from the quarter ended June 35. The inspection should be arranged for immediately.

2. The inspection reports are not reviewed by the Gazetted Officer in several cases before they are filed. Even the Superintendent has not signed the filing orders in several cases.

The Gazetted Officer may now review all the old Reports and issue the order to file.

3. It is seen that an I.T.A. does not check the accounts of any station with the records sent to the Audit Office. Whether such a check is not necessary requires consideration.

4. The reports of I.T.A.'s are in almost all cases nothing but form No.T.A.14 consisting of the questionaire being filled in. The questionaire is only a guide to the I.T.A. and cannot also be considered to be exhaustive. In addition to furnishing answers to the questions, the I.T.A's may also be required to make a separate report embodying all important irregularities noticed.

In the questionaire, some of the items are not definitely replied to e.g. item 7 and 7(a) in the report No.28 of Mr.T. Gajapathi on Seringapatam Station and items 7(a),11,17(e) 1 to 12 in Mr.Krishnappa's report No.53 on Birur Station. Such irregularities may be enquired into in all reports.

5. Some of the stations do not appear to have been inspected as seen from the Register maintained to show the inspections.

It is necessary to arrange that all the Stations are inspected according to the programme during each quarter by the concerned I.T.A's temporary help being given to those whose work falls into arrears unavoidably.

A.D. Lyharwach
for Comptroller

Inspection notes on the accounts of the Coaching, - Ticket Printing & Traffic Book Sections.

Coaching Section.

1. Ticket Checking.

(a) The ticket Collector's reports and collected tickets are not being checked as required in para 7 Mysore Railway Code Vol.II so as to cover all the stations in the course of a month and to check not less than 25% of the average number of tickets. The selection of the sections is not also made by the Gazetted Officer.

(b) Paper tickets and blank card tickets collected have not been properly checked with the ticket collector's reports, entered in the transit register kept by the checker and handed over to the Audit Section. Therewas no entry at all of such tickets during October 35, one of the busiest months. Full details of the paper tickets received and transferred to the Audit Sections should also be given in the Transit Register.

(c) Verification of paper tickets and blank cards at the junction stations by the ticket collectors was poor as the reports received from them (Vide e.g., November 35) contained meagre entries, although several such tickets have been issued and collected. Instructions have to be issued for a more complete verification, pointing out the percentages of the number verified by the Ticket Collectors to the number collected in a month.

(d) The train number is not noted in the tickets now issued as required in para 8(c) Mysore Railway Code Vol.II and an important check for detection os misuse of tickets between two short distance stations is thus not available.

(e) Missing tickets.-

A statement of missing tickets has not been prepared and sent to the District Traffic Superintendent as required in para 10 Mysore Railway Code, Vol.II (Vide October 35 accounts) This important work has to be attended to regularly.

(f) Special arrangements should also be made for checking

collected tickets during the busy seasons like Dasara, Christmas &c., strengthening establishment temporarily if necessary.

II Travelling Ticket Examiners.

They have to send returns (S.N. 8 B) of blank card and paper tickets checked by them. These returns are not being received regularly every month from all the T.T.Es'. They have to be called for and the entries checked with the classification and division sheets.

III Parcels.

In the Local Proof sheet an agreement of 'Paid' and 'To pay' items as shown in the forwarded and in the received abstracts has not been effected during the last eight months. This work has to be completed early.

IV Paid on items.

Several 'Paid on' items shown in the 'Paid on' register kept in the Traffic Book Section have not been verified by the Audit Sections. The verification has to be completed early. An Office Order (No.797 dated 4-9-36) has recently been issued by the Auditor, stating that a register of such items may be kept in the Goods Audit Section by the concerned auditors, duly posted as and when they pass invoices, for comparison with the register of the Traffic Book Section which is posted from the Station Balance Sheets. A similar procedure may be introduced in the Coaching Section also.

V Season ticket deposits.

(a) The refund of these deposits is not being noted against the original credits in the returns filed in the audit office. This has to be done under the initials of the Superintendent in order to prevent double payments or a separate register for noting credits, debits and balances will have to be maintained.

(b) The collected tickets have not been properly handed over by the Ticket checkers to the Audit clerks in a regular register, nor have the audit clerks returned them to the printing section for conversion into new tickets taking the acknow

(1)

(c) for Orders of Govt

(d) This may be considered when the seating machines are renewed.

II Immediate attention by the Dept is requested.

VIII Bearing in mind the lowness of the O.T. & leave salaries of the clerk level & A. Engineering Dept is similar to the practice obtg in the C.B.C.'s office the Comptrollers office

~~Nomenclature~~ The Safe Custody of the agreements by them have been executed by Contractors has no relation to the Investigation

IX Through Auctioneer Sale is Confirmed by Court & O. and proceeds of Sale have remitted to the Auditor, it is necessary that steps are taken to the Auditor to enable him to identify how many of the old items of Stock remain. It is not a formality but is an act of account.

X (a) Auditor is interested in the matter.

XIII (a) Auditor will be enquired.

(b) do.

Since

XV - It is Recommended

[illegible]

XV Small economy in the Stranges, too onerous.

Rt. Hon. Gr. Thought it is discretionary it is a financial question.

Hire of R. S. It is notable. T. M's & L. S' observation was noticed in the report with Approbation however some reference to the necessity of hiring L.S.

Hire of duplicating of R.S. ~~Does~~ from the Appendix Remarks it seems to have escaped attention that the duplicating

loads are returned empty as enough time is not wasted working. Great attention is to be devoted on the part of the waggons & their carriage time so that complaints to reduce to the barest.

Postal Authorities addresses

S.T. Ar

Trains

Salary rates The question was decided by Govt of India as 23.12.37 Rs. 1474 (Govt resolution and [illegible]

Leave Asks They may
make application
cable to the
Municipality
taken over
under an
agreement.

S. E. Sir. Of Govt is
attached.

Acceptance of } Agents
terms etc } remarks
are renewal
awaited.

C/T Alice Since the
Imposition
Town Rates
has taken
effect, there
appears to be
an increase
in this Estate
as Revenue.

Ref. Alice Drawing
a circular
asking for
absentee Lds
Can not be
Certified

X as already stated in the report the fine food is necessary in our Govt for the reasons stated therein.

Andhra Pradesh Govt at Mys. The remarks of the Agent that it does not arise at present is not correct and calls for consideration by Govt

Mr Stn agree ments - The facts that most of these stations are now owned & worked by the State does not dispense with the need for accounts for Govt & Rly's deals with in the report.

It is with respect to - for stations heavy debits are

raised by the Comm
It is necessary
that the accounts shou
old one to be carefu
scrutinised.

Rights of Local Boards. N. J. Companies of Lines owned by Local Dist boards, & B. C. L. Rs the Corporations of Work, & accounting are as between parties mentioned

Depn Depn from date forwd is necessary & it was suggested that the Bill should maintain with refee to Dist Bds.

Appn no remarks.

Bills
payable
for N.S.W.

} And which of charges
should be on work
} carried out
Can not be any
means with for
for the work And such Sch.
which is not
S.P. by Govt

Hygiene
Saloon

} No doubt rightly
as was in the N.S.W.
Govt but since Mr
Govt meets his
duty, it can not
be so right to
aside both of
the Mr Commissioner
advanced they
too may not
unreasonable
so as to ~~be~~ ~~such~~
regarding the
proposal.

LPO Simple sentences — if can
be quoted
the item of Expenses

acknowledgment of the printing section.

A large number of these tickets was noticed by the Comptroller to be lying in the Coaching Audit Section during his inspection. They should be kept in proper custody or destroyed.

Vi Luggages.

The received abstracts do not show any signs of having been checked with the collected tickets or forwarded abstracts by the Audit clerk or Superintendent. Missing tickets are not ascertained and reported to the D.T.S. and the highest number according to the collected tickets are not noted and checked with the forwarded abstracts and Division Sheets.

VII Proof sheets (Local)

Total figures under 'Coaching', 'Goods','Luggage' and 'Parcels' are being arrived at every month according to the proof sheets which are prepared from the audited returns and also according to Traffic Book which is posted from the Station Balance Sheets. It is necessary that arrangements are made to agree or reconcile these two sets of figures every month and necessary corrections or note are made in either records showing the agreement or reconciliation.

VIII Out Agencies.

It is noticed that no profit is made by Government in respect of the out-agencies, as the entire freight recovered from the consignors is paid to the contractors who are in charge of these out-agencies. Whether the contractor should not bear a percentage charge towards Provident Fund contributi and leave salary of the clerk lent to him by Government and towards loan of weighing machinery, furniture &c., is a point for consideration at least with regard to such out-agencies as are paying.

The Kollegal Out-Agency contract (original) was not forthcoming in the Audit Office. This may be enquired into and it may be verified if the original contracts of other out-agencies have been received and are held in safe custody.

IX Lost or unclaimed property office accounts.

Detailed accounts of auction sales showing the bids offered and finally accepted may be received and checked in the audit office.

X Station Balance Sheets

(a) Old outstandings (Vide instances in the enclosed statement) have to be cleared early. A special report may be sent to the Agent as some of the amounts are outstanding since 1932-33.

(b) Several old items of debits and credits reported by the Audit Office to the stations in the monthly Audit advice (T.A.2) are not even incorporated by the stations in their accounts (Vide Lost property office accounts). They have to be enquired into and a special report sent to the Agent for their early adjustment.

(c) The postings in the Balance Sheets from the audited returns should be checked by the Superintendent in such a way that he reviews the Balance Sheet of all the stations in the course of 6 months.

(d) According to para 175 of the Government Examiner's Office Manual, Madras 'The adequacy of the arrangements in

in the accounts office for reviewing the work of the Balance sheet checkers should be examined. The Railway Board have recommended that no Balance Sheet checker should check the same group of stations for more than 6 months at a time. A similar check in the Railway Audit office is necessary.

(d) Excess Register. In this register showing the items found in excess in the Balance Sheet, compared with the returns, the columns "Date when returns were received" and "Date of audit of returns" are blank in some cases. They have to be reviewed by the Superintendent and Gazetted officer.

XI Supervision by the Superintendent & Gazetted Officer

It is desirable to fix and incorporate in the codes rules regarding the percentages of entries and vouchers which should be reviewed by the Superintendent and Gazetted Officer in respect of the marginally noted records and items of work. Suitable proposals may be sent up in the matter.

Classification (Local)
Outward Division Sheets,
Inward " "
Way bills and connected inward and outward abstracts,
Luggage, H.C.D. and motor tickets and connected inward and outward abstracts,
Running power charges,
Storage ~~power~~ charges
Telegraph receipts,
Out Agency accounts,
et c., etc.,

XII ~~XII~~ Forms.

Forms of Inward and Outward abstracts and other returns are of two sizes, the smaller one to be used when the transactions are few. But at present, it is noticed that the stations are not using the smaller forms wherever possible. Suitable circular instructions may be issued as the use of the bigger form involves waste of stationery. The required forms should be got printed by the Audit office and supplied to the stations if they are not in stock.

Register of paper tickets.

The entries in the register of paper tickets supplied to stations and in the stock register of paper tickets should be attested by the Superintendent and Gazetted Officer and the balances in stock verified by the Gazetted Officer once a year or half year. Several unattested overwritings and corrections are noticed in the stock register. They may be got attested.

XIII Audit Office Outstandings.

(a) Heavy amounts of over Rs.20,000/- are outstanding against the Mysore Sugar Co., Ltd., The Security deposit furnished by the company is only Rs.5,000/-. Either it should be increased or interestshould be charged on outstanding balances.

(B) A sum of Rs.3,234/- was outstanding on 30-6-35 under "Rents due from private persons" and old items have to be listed and action taken for their early recovery or adjustment.

(c) Vouchers sent to audit.

No register is kept by the audit section (e.g., coaching section) to enter vouchers (i.e., pay orders etc) audited by them. Each voucher is passed and returned to the Traffic Book Section without an entry in a register. A register may be kept in the audit sections for psting the amount of the voucher received, the amount for which it was pssed and the initials of the Gazetted Officer (vide also para 196 of the Government Examiner's Office Manual).

XIV Sundry Earnings.

(a) Recoveries of "ground rent" manure contracts etc. were noticed in October 35 as shown in the ~~marginally noted~~ instances noted below. It is not known whether the recoveries are monthly half yearly or yearly and no register is maintained in the audit office to watch the recoveries. A register showing all such cases, and

and demand, collection and balance has to be maintained.

Ground rent.

	Rs as ps
Harnahally Station	50--0--0
Mandya "	6--5--0
Mysore Station R.M.S.office	14-11--0

Manure Contract.

K.R.Nagar Station	40--0--0

Platform Contracts.

Chitaldrug Station	85--0--0

(b) Recoveries towards Advertisement charges, and refreshment room leases.

A statement may be obtained from the Agent or the Traffic Manager showing the advertisements in guides Stations etc., and the refreshment room leases every year in the various places. They may be entered in a register for noting the collections when actually made and for pursuing unrecovered items.

XV Mysore Iron Works.

The amount due from this concern is generally very heavy (being about Rs.2 to 4 lakhs) and the payments are not made regularly. Monthly adjustment has to be arranged for, increasing the working advance of the Iron Works if necessary.

XVI Coaching section, Misc. Advances and Deposits.

Several old items are outstanding and have to be reviewed and adjusted early.

XVII Sorters.

The sorting section keeps a register showing the returns C1,C2 and C3 and g1,g2 and g3 received from stations. Some columns in this register are also blank without any explanation. It may be verified if the returns have been since received and audited. The section should also keep a transit register for taking the acknowledgment of the auditing sections for having handed them over correctly.

Test Audit.

As the work in these sections is to a large extent of an accounting nature, (e.g., preparation of Division sheets and monthly bills issued to foreign railways and Traffic Bonk and Local apportionment. Ticket printing and maintenance of connected stock accounts, adjustment of running power charges) it is desirable to arrange for a test audit and review by a Superintendent or Gazetted Officer unconnected with the initial supervision. The test audit section which is now part of the Record Section has to function properly.

Small errors.

Error sheets against stations need not be issued for very small amounts say two annas or less than two annas, as the small gain may not compensate for the loss involved in the correspondence to be pursued for clearance of the item.

The power to waive such cases may be vested in the Gazetted Officer who may bring to the notice of the Traffic Manager or Agent persistent errors in the same station.

Let-go statements of D.T.S.

The statements show several items where persons who are not beggers are allowed to go away without payment of ticket charges and without any explanation. The powers of the D.T.S. in such cases have to be got defined.

Ticket printing Section.

Blank ticket forms are not being counted as soon as they are received from the Company and shortages are not claimed from the Company or written off with proper sanction. This has to be arranged for as it is very essential to ascertain the shortages in the printing section at each stage.

The blank cards are kept in bales and as each bale is cleared the outturn of tickets may be compared with the stock in the bale and differences reported to the Gazetted Officer and Auditor for review.

The stock was verified in June 34 by the stock verifier, and although the differences noticed therein have been incorporated in the books, action has not yet been taken to obtain proper sanction for the adjustments. Even the stock verifier's report was not forthcoming during the inspection for verification.

Several old obsolete blank forms are on hand. They have to be disposed of or destroyed with proper sanction. It is not desirable to keep in several cases and filed. The reports of verification by the I.T.As' have also not been received in several cases. These cases have to be reviewed by the Superintendent and Gazetted Officer.

Custody of stocks.

The room provided for this section is in a corner of the

the office buildings and no arrangements exist for securing a proper custody of the stocks under the charge of a Gazetted Officer and for preventing renewal of stocks daily as officials go in or out of the section as in a mill. It requires consideration if suitable arrangements cannot be made.

Instances of Old Station Outstandings October 1935 statement.

Bangalore City.

April 35	.. 2--0--0	Under correspondence
May 35	.. 0--8--0	
June 35	.. 0-14- 0	
September 34	.. 1--0--0	

Closepet.

October 1933	.. 1--0--6	Disputed.
July 1934	.. 0--6--6	
July 1933	.. 1--2--6	
November "	.. 2--1--0	

Channapatna.

May 1934	.. 1--0--6	Disputed.
do	.. 2--2--6	
do	.. 0-10--6	
July 1935	.. 1--2--0	

Mysore.

October 1933	.. 0--6--6	do
May 1934	.. 1-10--6	
May 1935	.. 1--4--6	

Chamarajanagar.

December 1934	.. 2--0--9	do

Hassan.

October 1932	.. 0--6--0	
do	.. 3--0--0	
June 1934	.. 2--5--6	

		Remarks by the Agent.
c)	Instructions have to be issued for a more complete verification of paper tickets by Ticket Collectors at Junctions, noting the percentage.	Extract sent to Traffi
(d)	Train Numbers not noted on tickets issued.	Dating machines do not provide for this arrangement.
II.	Returns of blank card and paper tickets checked by T.T.Es. and not being received regularly every month for check with classification and Division Sheets.	Extract sent to Traffic Manager.
VIII.	Out-Agencies:- Whether the contractor should not bear a percentage charge towards P.F. contribution and leave salary of the clerk lent to the contractor by the Railway at Kollegal Out-Agency.	Will be examined.
IX.	Detailed accounts of auction sales showing bids offered and bids accepted not received and checked by Audit.	Auctions are conducted by the Gazetted Officer in person and so there seems to be no need for this formality.
X. (a)	Special report on the amount of station outstanding since 1932-33 to be made to the Agent.	Awaited.
XIII. (a)	Heavy amounts of over 20,000 outstanding against Sugar Company Deposit to be increased.	Accumulation is due to Audit not sending bills once in 10 days as instructed in this offi. No. 1759 dated 20-8-
(b)	Rent due from Private persons Rs.3,234/-, action to be taken.	Report awaited.
XV.	Iron Works dues heavy (Rs.2 to 4 lakhs) Monthly adjustment to be arranged for.	The best arrangement is to transfer debit to Central Books, which the Comptroller will however not accept.
Small Errors.	Error Sheets not to be issued when the amount involved is two annas and less and the power to waive such cases to be vested in the Gazetted Officer.	Acceptable.
'Let-go' statement of Dist.Traffic Supdts.	Powers of the Dist.Traffic Superintendents to let go persons from whom money is due are to be got defined.	This is purely discretionary.

Hire of Rolling Stock.	Powers of Agent to incur charges to be defined and also see whether the hiring of the vehicles was necessary.	Both Traffic Manager an Loco & Carr: Supdt., ar empowered to hire for short periods engines an rolling stock from M. & S M.Railway in emergent cases, vide G.O.No.1024 dated 26/9/1921.
Hire of Interchange of Rolling Stock.	The question as to why the inter-change from Decr. 1934 to Novr. 1935 is always in favour of the M. & S.M. Ry.Co. is to be investigated and if necessary a report made to Government regarding stock available in Mysore Railways.	Due to more inward loads obviously.
Charges recovered from the Postal Department.	Recovery from the Postal Department towards Interest on Capital account and lighting charges in the Postal vans still remains unsettled.	Audit report awaited.
Audit of Free Passes.	Irregularities noticed should be issued in the Audit Note form prescribed in M.R.C. Vol.II and not reported by means of letters as at present.	Acceptable.
S.T.Section (1)	The South Indian Chamber of Commerce and the Geological Department to whom periodical returns of statistics are furnished, should be asked to pay like other Departments.	Report from Auditor awaited.
Train Miles (3)	The calculation of train miles should be dispensed with either in D.L.O's office or Audit to avoid duplication of work and if the D.L.O's figures are accepted for the audited returns, they should be reconciled with those of Audit.	Both Auditor and Loco & Carr: Superintendent may come to some arrangement in the matter.

ESTABLISHMENT AUDIT.

Salary bills.	With a view to remedy the defects in the posting of the register maintained for recording the payments authorised for establishment charges and to afford facility for the Audit Clerks to check the bills, the form and procedure obtaining in the Civil Audit Office, should be followed.	In introducing a procedu not obtaining on any other Railways, what th advantages and cost involved are points to be looked into.
II. Leave Rules.	Proposes revision of Leave Rules in Appendix XIII. M.R.C. on the lines of the leave rules in the Departments of Government.	Local Railway rules are based on the M. & S.M. Railway leave rules.

IV. Security Deposits.	The account should in future be balanced at the end of June instead of March as at present to facilitate easy verification with B.B. Books.	No objection.
	Acceptance of parties should be obtained for Provident Fund and Security Deposits balances.	Acceptance of parties would not relieve Audit of its responsibility to maintain proper accounts.
VI. Overtime Allowance.	Overtime allowances paid to Drivers are in several cases more than their pay. They should be audited completely by a qualified Accountant posted to Dist.Loco Supdt's Office, and should be checked with initial records.	Formation of the Workshop Audit Section will introduce better check.
VII. Relieving Allowance.	A circular to send abaentee statements noting the substitutes and other particulars to be issued.	To be taken up separately
X. Fine Fund.	A Fine Fund does not appear necessary in Mysore as Government will consider all proposals for the benefit of employees and are providing for them. In view of heavy balance under this head, future credits to the Fund either fully or partially may be temporarily stopped.	To this Fund, lately the Government of India have ordered that an additional contribution should be made from Railway Revenues. The Fund is now called "Staff Benefit Fund", the objects of which have to be enlarged accordingly with the resumption of the - Bangalore-Harihar and Yesvantpur-Hindupur Sections. The proposal is not, therefore, acceptable.

OLD OPEN LINES.

Audit of returns received at Mysore.	The M.S.M.Railway to be addressed to complete some of the works of 1929-30 and 1930-31 which are still outstanding, before resumption and all future estimates for Capital works to be checked to see if they could not be delayed till resumption, if they could be completed before resumption. Works for future junction arrangements to be seen whether they are in the interests of the State.	Does not arise at present.
Joint Station Agreements.	The accounts of the year ending March 1934 and March 1935, should be audited and disposed of early, and delays on the parts of the Departmental officers reported to Government. Shunting charges at Bangalore City (R.79,718 for March 1935) are heavy and it requires consideration if this work cannot be done by Mysore Railways or	Most of these stations are now owned and worked by the State.

	or if a revised or fair method of calculation to reduce cost cannot be adopted. Whether the amount on sale of lost property etc., is being credited to Arsikere, Joint Station Account, to be verified. The question whether demurrage, warehouse, storage and wharfage charges should not be credited to Joint Station Accounts, similar to rent on buildings to be examined and claim preferred in respect of all other agreements also.	
Railways of Local Boards worked by Government-Working Expenses charged to N.C.Railway.	The present method of calculating working expenses at 65% of gross earnings to be reviewed with actuals and report furnished. The question why earnings of N.C.Railway should not be credited to a Deposit head to be examined.	It is not understood why the accounts of this section should be treated differently from the accounts of Narrow Gauge (2'-6") Railway.
Depreciation Fund for N.C. Railway.	A fund account is necessary for at a certain stage the repairs and renewals may be heavy and the Board may not be able to meet the demand.	This is for the District Board to do.
Apportionment of charges.	The adequacy or otherwise of the provision at 5% for supply of R.S. and Rs.47/- per month for telegraphic expenses, to be reviewed.	5% is what is now fixed under the Agreement.
Inventories.	A list of the District Board properties with cost is necessary.	A list of works as per Completion reports plus works subsequently carried out is under preparation.
Bills recoverable from the M. & S.M.Rly.	Bills preferred by the Loco and Carr: Superintendent and other departmental officers against M.& S.M.Railway for services rendered to them are not subjected to local audit or central audit.	Workshop Audit Section when formed will have ample chances of - scrutiny over these bills.
Fitter for 'H' Type Saloon.	Whether a permanent man on Rs.40/- per mensem is necessary for all the months and whether his work cannot be arranged by M.S.M.Rly. at a less cost to be investigated.	This is a matter entirely left to M. & S.M. Railway.

GOODS SECTION.

Lost and unclaimed property.	In the case of Sale ~~and~~ of Lost and unclaimed property, the application of rule 21(iv) of Conference Rules, Part II is not being made whenever sale proceeds fall short of the freight due by not less than Rs. 10/-.	There have been instances in which the Traffic Department has taken action.
Weights Register.	The question of suggesting a rule on the lines of rule 17 in page 192 of B.N.Ry. Goods Tariff Part I, in the Mysore Railways Goods Tariff is to be taken up again to prevent losses on account of under-weights recorded by forwarding stations.	This is impracticable. The Auditor who had taken up the question has been replied to, vide this office letter No. 10345 dated 23-6-1937
Oil Siding at Mysore.	Whether the sum of Rs.2/- per four-wheeled wagon levied on wagons shunted to the siding includes the interest and maintenance charges on the Capital cost of the siding, is to be verified.	This does not arise in the case of Railway Sidings.
Rate Lists.	The manuscript rate lists may be got printed.	Printed.
Tariff rates.	The grant of concessional rates by the Agent for coaching and goods to be reviewed with reference to Volume of traffic before and after the grant of concession and a report of the financial effect made to Government.	Reduction in rates does not always depend on financial considerations but on factors of competition and what the traffic can actually bear.
Issue of Free Invoices.	No action is being taken on statement of free invoices issued by stations sent to Traffic Manager. They may be included in Audit and Appropriation Report (1934-35, 174 and 1935-36, 126).	Traffic Manager does take action, but no report is being sent to audit.
Timber handling bills.	The rates for handling charges paid to Station Masters, Bangalore City and Arsikere were fixed long ago. Whether they do not require revision and if tenders could not be called for for the work, and the lowest tender accepted, require consideration.	It is considered best to entrust the handling work to the station staff so as to prevent outsiders having access to Railway property.
Test check of Invoices for October 1935.	The practice of charging Rs.8/- for a wagon load of sugar-cane of 10 tons at 0/12/0 per ton, and refunding subsequently, annas 8 to the Sugar Company to be stopped, and stations advised about correct procedure.	Instances, if reported will be examined.

Inv.No.11 of 18th Oct.35 ex.Arsikere to Mysore.S.	Why the consignment was booked at R.K. in spite of the remark that it is liable to damage by wet and whether the compensation of 2-4-0 paid by the Traffic Manager is in order to be further enquired into.	Extract sent to Traffic Manager to furnish an answer.
Error Sheets.	Error Sheets for less than 04/0 need not be issued with the approval of Government unless the error is recurring and disclosed a serious defect in the working of the Station.	Acceptable.

EXPENDITURE SECTION.

I.Construction Accounts.- A.S.Ry.Construction. (a)Indirect charges.	Provision for Indirect charges such as salaries of Agent, Engineer-in-Chief, Auditor, Chief Store-keeper, and of their offices and of the Medical Officer of the Railway to be made and adjusted as per para 456 of M.R.C. Vol. I.	There is no provision for this in the Estimate sanctioned by Government
	The Audit percentage of one per cent is arbitrary and inadequate, it should be got revised.	This has been examined so often and settled.
(b)Stores Accounts.	Balance of Rs.4,250-15-0 outstanding to be adjusted early. Similarly articles of N.C.Railway which are in the custody of C.S.K. Special reference to Government is necessary in these cases.	Some of these have been disposed off in recent auction.
(c)Deposits.	Rs.209-14-0 may be adjusted by credit to Sundries, as it is outstanding for over 3 years.	May be done.
(d)Miscellaneous Advances.	Freight charges of Rs.23/- to be recovered from Contractor Devaraja Moodaliar to be arranged early.	Since adjusted by the Auditor.

OPEN LINE CAPITAL EXPENDITURE.

II.(a) Expenditure over and below Rs.18 lakhs.	The rules regarding expenditure over and below Rs.18 lakhs to be got suitably revised and the money limit of Rs.18 lakhs fixed at 2 or 3 lakhs for cases where project estimates had to be got sanctioned before expenditure is incurred. This will enable Goverment to review financial effects of the project for a smaller amount as a whole.	Proposals for revision of the existing rules awaited.

(b) Works Register.	The Works register maintained in the Audit Office should be by sub works and the audit of expenditure should be against the sub works and not against the aggregate provision for the work or scheme. C.S.No. 43 dated 23/5/1931 to be cancelled immediately.	The Auditor who raised this question has beer anwered in this office No.1928 dated 26-8-37.
(c)Work charged Establishment and special sanctions.	The form of the works register to be improved to admit of audit against work charged establishment and special sanctions as in parts III & IV of the work Audit Register in the Civil Department for auditing P.W. Expenditure.	Object not understood. On receipt of detailed report the question will be examined.
(d)Divisional Accountants.	Divisional Accountants to be posted to Divisions to arrange for prompt submission of returns, Accounts,&c., and assist the Executive Engineers in all account matters.	Accountants have since been posted.
(e)Materials at site.	The opening balance of the returns which are being received only recently should be checked with regard to its correctness and instructions in paras 630 and 631 of Government Examiner's Manual to be incorporated in Mysore Railway Code Vol. II.	To be kindly taken up by the Audit separately.
(f)Ballast Accounts.	Rules in paras 593 to 596 of M.R.C. Vol.I, to be made applicable to Open Lines also and a certificate of the balance and report of results of verification obtained at least once a year from Executive Engineers.	There are no Ballast Depots to apply the Constmuction Rules on Open Lines.
Ballast.	A record of original quantity of ballast with cost on each mile or section for each division when the line was first constructed and subsequently additions in quantity and cost to be maintained in Divisions. The limit for maximum quantity of ballast to be got fixed and a monthly material at site account in respect of ballast obtained from the Divisions.	The maximum limit of ballast recommended for the line is 8 Cft. per foot-run. This limit has no where been reached or exceeded.
(g)Allocation of charges between Capital & Revenue Depreciation Fund.	The Agent to be asked to review the position of the various assets and give a programme of the cost of renewals and replacements that may be expected during next 5 years with reference to existing condition of the various assets. The question as to whether the yearly contribution of 5 lakhs now being made is sufficient or not is also to be examined. ...ile in the Government of India only	Under the existing rules of allocation the property is supposed to be maintained in good state of repair. Renewals taken up annually are mostly of parts, and occasionally of whole units of rolling stock and permanent way. The Government of India procedure is inapplica... to Mysore Railways as the allocation of cha... b...tw...

	only the Depreciation Fund is debited only when an entire unit is replaced, in Mysore, entire renewals and also heavy repairs are charged to the fund with the result that a larger contribution has become necessary. The opinion of the Agent in the matter is to be obtained.	between Capital and Revenue are not based on Depreciation Fund Rules. The unit-basis of contribution has also since been discarded in British India.
(i) Rail-Motors.	A list of rolling stock, machinery, siding, etc., which are not required by the Railway to be prepared and reported by Agent to Government and periodically (once a year) reviewed with a view to arrange for their disposal or utilisation. The Auditor to be supplied with a list.	Sanctions to periodical condemnation of stock obtained and copies of sanctions sent to Auditor.
(j) Assisted Sidings.	In the case of siding for Coffee Curing Factory, proper Agreement to be got executed by them incorporating therein the payment of annual interest and maintenance charges on the cost of siding borne by Railways and also siding charges for each wagon. A register of special recoveries to be kept in the section to watch recoveries.	Agreement under execution.
(k) Purchase of three 10 ton cranes in place of 3 5 ton cranes.	The rule to be adopted in this case for purpose of allocation is para 450(2) of Mysore Railway Code Vol.I, and not 451. Necessary adjustment to be made with Government sanction.	According to allocation accepted by the Audit, and Government, the Capital has been debited with less amount. If Government wish that this should be revised to increase the debit to Capital, there is no objection.
III. Workshops: (a) General Scheme of Expansion.	Though Government have decided upon a general scheme of workshop expansion at a cost of Rs.11 lakhs, it is desirable that a project estimate for the scheme as a whole is considered. With a view to ascertain whether the out-turn in the Workshops is satisfactory, the Loco Department should prepara a Pro Forma Capital and Revenue Account for the Workshops as a unit and the Auditor after check should include it in his Note on the Capital and Revenue Accounts and analysis of Working. The total expenditure incurred on the shops to be classified as fixed and floating assets and an Inventory of all fixed assets to be kept in the Workshops	The proposal is similar to that contained in para 301(6) of Audit Report for the year 1930-31, which has not been accepted either by Government or the Public Accounts Committee. Such elaborate accounting is not considered necessary.

A Capital and Revenue Budget with fuller details to be prepared for Workshops in each year and got sanctioned by Government as in the case of Central Stores.	The outlay on Capital and Revenue works executed in Workshops get transferred to final heads month after month. The effect of the Workshops suspense balance is, therefore, and always taken at 'nil' value for purpose of budgetting. As the Workshops are maintained only for the service of the Railway, the need for detailed Budget does not seem to arise.
To have an effective check over the expenditure on replacements and renewals of Rolling stock, a detailed programme as in the Government of India (Railway Board's letter 6273-F., of 22nd June '32 and para (g) of the Government Examiner's Manual) is framed. The programme of heavy repairs to rolling stock should be reviewed, and approved by Government before detailed estimates are got sanctioned.	There are units which have been condemned and awaiting replacement. Apart from lumpsum provision in the Budget detailed estimates for heavy repairs of stock due are sanctioned by Government or the Agent after scrutiny by Audit.
The submission of the return to Government contemplated in para ~~91c~~ (II) of M.R.Code to be prepared in future by Loco & Carr:Supdt., with certain modifications and sent to Auditor for submission to Government along with the Capital and Revenue accounts of each year.	Submission of comparative statement of Erection and repair charges as compared with reference to the cost of similar repair works in British India is what is suggested in the para. It is not practicable to collect the information. There are also other factors which affect the cost and vitiate comparsion, for instance, the length of the Coach, mileage, cost of the particular part worn-out etc.
Indirect Charges. Whether the rate of 8 per cent for interest and Depreciation on buildings and 5% for supervision does not require revision to be looked into and reviewed once in 5 years by the Audit Office and Government approval obtained for the rates.	There are standard rates prescribed by the Government of India and approved by the Local Government.

(j) Stores Charges.	A suitable percentage to cover charges for supervision, storage, contengencies to be fixed and debited to various Capital and Construction jobs in Workshops. The percentage to be fixed to include a portion for gratuity and Provident Fund of the Stores Staff also. The revision or otherwise of the 5% to cover Indian freight sanctioned in G.O. of 16-1-1927 to be taken up.	The principle is that no charge for supervision should be made to Open Line Capital Works. In the case of Construction, separate staff is sanctioned for stores work.
(k) Return of unused Materials.	A special review of the balances held under "Surplus Stores" to be sent by concurrent Auditor until the standing Work Order is removed and rules in the Loco Manual are adopted.	The Auditor may take take up the question separately.
Saloon charges for the use of H.H. the Maharaja of Mysore and other State Officers.	Rules as in Government of India to be framed for recovery of charges on account of interest on Capital, cost of special alterations and repairs made at the request of the Palace, etc., or the cost (Capital)- now debited to Railways to be transferred to "General Administration".	The objection relates to "E" Type saloon which is under reconstruction in the Perambur Workshops, for which detailed Estimates have been sanctioned by Government and the allocation settled.
Concurrent Audit(Control)	With a view to avoid duplication of audit work, the Central Office audit of accounts relating to Workshops to be abolished and entire work entrusted to Concurrent Auditor who may be of a Superintendent's status. The Concurrent Auditor to be relieved of the audit of accounts in Loco & Carr:Supdt's office and Dist.Loco Supdt's Office and sheds and these entrusted to Inspection Staff or Travelling Inspectors of Accounts.	No. The formation of the Workshop Audit Section is what is necessary.
Foreign Railway Repairs.	Repairs to foreign railway vehicles should be debited to Mis.Advance and not to final head of account, and recovery watched. All charges due on this account to be reviewed for a period of 10 years and the amount not recoverable to be written off with Government sanction - Maximum limit up to which losses in this connection may be admitted in the Audit without Government or Agent's sanction to be got fixed.	If at all the charges are to be recovered, they should be debited to a Suspense Account otherwise not. The foreign stock should be handed back to the owing railway in the condition in which the were given.
New Minor Works.	Rules in para 432 of Government Examiner's Manual to be introduced in Mysore.	Heating circuit is treated as a 'fittir and so it is an addition to the Capital cost of the buildir

Buildings.	A Capital & Revenue Account as in Civil Department should be prepared each year and submitted by Auditor along with general capital and revenue accounts, as an appendix. The rates of 4% on capital cost and 2% for workshop quarters are very low, and should be raised suitably.	This account is not required on Railways, as the buildings are not ~~being~~ provided with a view to make profit, but only where staff have to reside near the place of business in the interests of the Railway, or due to dearth of quarters in the area.
Rest Houses & Retiring Rooms.	Rent to be recovered from Railway Officers for occupying rest-houses as they get daily allowances and such a procedure is in vogue in the Electrical Department. For watching recoveries towards rent, electric installations, conservancy cess and water charges, each Auditor to maintain a Demand, Collection and Balance Register.	Rest Houses are not like Travellers' Bungalows of the Civil Department, Railway Department officers do not get any T.A. while on tour except D.A. for eight hours' absence from Head-quarters. For the rest-house at Bangalore City rent is, however, proposed to be - recovered.
"Not for Audit purposes".	The words "not for Audit purposes" in appendices B,C,F,G,I.J,K,Q,R,S and W, in the Authorization Rolls to be got deleted, as the significance of the note is not clear. The scope of audit over these details to be made clear.	Where the Agent has powers to vary number and rates of pay, the Schedules are marked as such.

NOTES ON THE INSPECTION OF THE STORES AUDIT SECTION.

II (d)	Yearly returns of balances of all stocks in the District for 1934-35 and prior periods have not been received from the Executive Engineer, Mysore. The returns for 1934-35, received from Executive Engineer, Hassan does not agree with the ledgers of Audit Office and remarks of Audit have not yet been attended to. The balances in the ledgers maintained in the Divisions have not been reconciled with the Audit Office ledger balances, and this should be attended to immediately.	The rules referred to relate to -- District Sub Depots, constituted under the control of the District Engineer. There are no such Depots in Mysore.

(e)	To avoid differences ~~in xxxxxt~~ at least in future years the actual stocks on hand on 1/7/1936 to be obtained from Departments and new ledgers opened with these balances both in Audit and Divisional Offices. Arrangements to be made to trace the outstanding differences up to 1/7/1936.	Extract sent to Supdt. Way and Works.
(f)	Returns for new and second hand materials and also unserviceable materials such as rails, girders, and the like which are not being received now to be obtained in future, as required in para 962, M.R.C. Vol. I. Though submission of unserviceable materials is not contemplated in 962, M.R.C. Vol. I, it is desirable that returns for both serviceable and unserviceable articles are obtained and the rule modified accordingly.	
(g) Delay in adjustments.	Monthly returns of Permanent-way materials (S.22) are not being submitted by departments on due dates with the result that adjustments are also delayed. The departments to be instructed to arrange for prompt submission.	Extract sent to Superintendent, Way and Works.
III. General Stores. (b) Priced Ledgers of C.S.K.	The maintenance of priced ledgers in Audit office and Ledgers for numerical quantities only in the General Stores are duplication of work. If Stores Office is made to keep priced accounts ~~also~~ in their numerical ledgers, the duplication of ledgers may be avoided and audit cost reduced. The proposed arrangement enables the Chief Store-keeper to exercise a control of Stores issued against provision in the Stores Budget, work estimate, etc. It will further enable Audit Office to do its proper function of Audit and accounting. The procedure which is obtaining in the Postal Department and Railway may be modified to suit our requirements. A monthly Account current for incorporation in accounts may be obtained from Stores office and a local audit arranged as in the case of Workshops.	The question of formation of Workshops and Stores Audit Section near Central Workshops has been taken up with Government which is the right solution in the matter.
(c) Returned Stores.	Clear distinction between serviceable and unserviceable articles should be made and whenever there is difference of opinion in regard to valuation of returned materials between the departmental officer, and the Chief Store-keeper orders of Agent should be obtained.	It is so even now.

	It is desirable that auctions are held quarterly or at shorter intervals instead of yearly to prevent deterioration of articles and also the possible substitution of bad ones for good ones.	Expenses of auctioni and advertising for the same is so great, that it is not worth attempting unless large balances accumu late for disposal.
	Note of sale against the concerned entries to be made in the register and D.S.8 to enable audit to know what D.S.8s. are pending and what articles are left unsold.	Extract sent to the Chief Store-keeper.
(d) Old Second-hand materials.	Action to be taken to dispose of the stock of old second hand materials which are out-standing for a long time (Pages 18,19,22,74,91,123 and 134 of Mysore Second Hand Materials Ledger).	)Many of these items)have since been -)disposed of.)
IV.(b)(ii).	Several surplus materials not borne in any ledger in the Central Stores pointed out by Stock Verifier (Report S.V.41 dated 1/5/34) and some more articles yet to be verified by him to be taken to ledgers immediately both in the Audit and Departmental Offices.	
(iv)	Stock Verifier's reports sent to Executive Engineer, Hassan (Nos.1462 of 5/6/35, and 1581 of 24/1/35, and 100 of 17/7/1935), which have not been received with remarks should be called for and adjusted early.	
	The period of two years fixed for stock verification of Engineering Imprests, of P.W.Materials to be reduced to one year.	No need for increasing the Establishment charges on this - account, unless - there have been great discrepancies which call for frequent verification.
IV.(c) Stock verification by the Departmental Officers.	Audit to obtain a certificate of verification once a year or at any other interval from the Gazetted Officers, who are responsible for the work. Besides, a percentage check of work done by Permanent-way Inspectors and Stock Verifier to be done by officers and in token thereof they should attest Stock Verification Report.	Balance return is sent month after month showing the balance to be - recouped. This retur implies that the person submitting the return is responsible for the Stock in his custod

	Balance return of Stores received from Chief Store-keeper's Office on 30/6/1935 is not signed by the Chief Store-keeper and this should be enforced in future.	) The Stock Verifier) should be deemed) to be a Member of) the Accounting) Staff. As such,) the transfer of) responsibility to) him in regard) to verification) is in order.)
V.(a)(i). Issue of Stores: Permanent-way materials and coal.	Imprests of permanent-way materials with Permanent-way Inspectors to be checked to see whether they hold any excess stock over that sanctioned by Agent.	
(b)	Issues of coal are not supported by proper vouchers sent for Audit. Local Audit to be improved to review of the transactions of all the months.	The vouchers are retained with the Loco Department according to rules.
Instructions to Audit to the various checks to be applied in audit of the following:	The consumption of coal should be subjected to detailed audit and the local audit should compare the issues with the mileages worked by various engines or get suitable returns every month.	Quantities for each trip are fixed and issued accordingly.
(c) Issue of Stores.	Issues to Workshop to be scrutinised with reference to necessity for the articles and propriety for charging them to a particular work.	This refers to audit of 'Purpose' which is not in the purview of audit at present except as a part of 'Higher audit work'.
	The necessity for issue of a bag of charcoal for W.O.27/11 as per requisition 182 of 4/2/1935 to be enquired into.	Auditor to ask the Loco Superintendent for the information required.
Clothing Account.	In the issue of clothing to officials, workmen, etc., the requisitions and supplies to be checked with reference to scale of issue fixed for each and the name and acknowledgment of the persons to whom they were issued.	Acknowledgments filed in the respective departmental offices.
Consumable Stores.	Issue of consumable and petty stores to be verified with sanctioned Imprests and requisitions.	Done in the Departmental Offices.
Stationery articles.	To be checked with the scale fixed for various offices.	This is done during periodical inspections.
Renewals and Replacements.	Issues of new materials for replacements and renewals to be verified with quantities with reference to provision in the estimates and also with quantities of returned materials.	This is an elementary check to be executed by the Loco. Accountant.

(d)	Issues of stores should be verified as above in the Stores Office before they are issued. If priced ledgers are transferred to Stores office, verification of issues with the sanctioned grant will be possible and better control will be secured and irregular issues prevented.	This may be done when the Stores Audit Section is formed.
IV.(f) Purchase of Stores. (i) and (b).	For purchase of Stores exceeding Rs.250 proper explanation to be furnished for deviating from the tender system and the certificate to be furnished should be in the form prescribed in Civil Offices.	Almost all stores are obtained through Stores Purchse Committee. Tender rules cannot apply to non-standard articles and technical items of stores to be obtained from particular firms and individuals.
(c)	Purchase of non-stock articles is heavy and in some cases (electric bulbs, locks, stationery, etc.) requirements of a year could have been foreseen, and purchase made by calling for quotations to economise cost. Reasons for local purchases of stationery by C.S.K. to be asked for.	The purchases are often spread over to save money by taking advantage of the prevailing market rates.
(d)	It is desirable to obtain an exact copy of original order for supply of non-stock articles along with formal order to know the exact terms of the supply as contracted with the firm.	The object to be made clear.
VII. Stores Budget.	Classification of Stores both for the purposes of budgetting and accounting to be in accordance with the classification of Stores under the several classes A to H to exercise audit against grant as otherwise it will not be perfect. The grant for the debit to Stores including suspense takes into consideration only cash payment. The cash payment debits to suspense heads - other than stores particularly in the case of heavy payments to be made in London are not noted separately and it is not possible to say whether all such heavy items are taken into account while framing the Budget. It is therefore necessary to mention in Stores Budget details of transactions under other suspense heads such as purchases, London payments, etc., when heavy payments are already outstanding or likely to out-stand at end of year.	The check to be exercised mainly consists of:- (1) that there will be no excess over net cash grant under Stores Suspense for the Budget year; (2) that stores purchased are covered by sanction and provision in the Estimate for works for which they are intended; (3) that they are only maintenance stores of the kind usually in demand by departmental officers. These checks are being exercised even no

	Excesses over grants under purchases of Stores particulars Cinder, Coal, P.W.I. Materials and Rolling Stock are not noticed and got sanctioned by proper authorities.	If instances are given, they will be examined.
XI. Codes.	A form book is necessary. Paras 898 & 900 M.R.C. Vol.I, require modification as suggested in para 1 above.	The departmental view is there should either be manuals or codes and only one of them that contains all the rules required for reference.
	Para 901, to be revised as there are no Stores Depots.	There is Central Stores Depot.
	Para 904 to be deleted as price lists are not in force. Paras 908, 924 to 930 and 935 to 937 to be modified to define exact procedure for issue of permanent-way materials. Paras 931-934, 940 and 944 to be deleted as there are no Depot Stores Accounts or tally sheets. Para 962, to be modifed as form Nos. S.19 and 20 are not being received. Corresponding Stores Audit Chapter V in Vol.II, Part I, M.R.C., paras 187 and 188 to be modified as form S.34 monthly account stations and manufacture accounts are not in use. Para 208 to be modified as there are no price lists. Para 216 to be enlarged so as to prescribe the procedure for adjustment of differnces in verification of stocks like permanent-way materials, coal, tools and plant, and miscellaneous stores charged off to final heads. Form D, prescribed in para 227 is not in use. Comparative statements of wagons built locally and of wagons purchased in England (S.40) referred to in para 231 of Vol.II, is not being sent to Government.	This is for the audit to take note for revision of the rules in the new Manual or the Code.
XII. Cost of the Stores Department.	With the formation of Stores Purchase Committee and getting all the materials required for the railway through them, the work in the Stores Department is only that of custody of articles and issue of these to departments. Taking the local purchases made by Stores Department viz., Rs.2½ lakhs, the annual cost of about Rs.30,000/- of the Stores Department works out to 12% and is very heavy compared with 1 per cent of the Stores Purchase Committee. It is for consideration of Government to adopt measures for reducing this high percentage.	This is not correct. There are certain direct purchases which are made by the Railway Stores Department. The present strength of the department represents the minimum.

13/2/35

TICKET CHECKING.

I.(a).	Selection of the sections not made by the Gazetted Officers.	Auditor.
(b)	Details of Paper Tickets transferred to the Audit sections not noted in the Transit Register.	"
(e)	Statement of Missing Tickets not prepared and sent to the District Traffic Superintendents.	"
(f)	Special arrangements have to be made for check of collected tickets during Dasara and Christmas.	"
III.	Local 'Proof Sheets' not completed.	"
IV.	'Paid on' Registers not verified in Audit.	"
V.(a).	Refund of deposits on season tickets not being noted against original credits in the Returns filed in the Audit Office.	"
(b)	Collected season tickets not properly handed over by the Ticket Checkers to the Audit Clerks.	"
VI.	Received Abstracts of Luggage do not show any signs of having been checked. Missing tickets not ascertained and reported to the District Traffic Superintendents.	"
VII.	Proof sheets prepared from returns should be agreed with figures in the traffic as posted from the Balance Sheets.	"
X.(b).	Several old items of debits and credits not incorporated in the Station Accounts.	"
(c).	All Balance Sheets of all stations should be revised by the Superintendent in the course of a period of at least six months. No Balance Sheet Checkers to check the same group stations for more than six months.	"
(d)	Register of items found in excess should be reviewed by the Superintendent and the Gazetted Officer.	"
XI.	Rules regarding percentage of entries to be checked in returns and of vouchers by the Superintendents and the Gazetted Officers to be laid down in the Code.	"
XII.	Smaller size forms for outward abstracts and other returns where transactions are few, to be used by the Stations.	"
	Register of Paper Tickets - Entries in the Register to be attested by the Superintendent and the Gazetted Officer.	"
XIII.(c).	No Register kept of vouchers and Pay Orders audited.	"

XIV.(a)	Demand, Collection & Balance Registers to be opened for sundry earnings - 'Ground Rent'.	Auditor.
(b)	Statement of recoveries towards Advertisement charges in the Guide and Refreshment Room leases to be obtained from the Agent or the Traffic Manager and entered in a register.	"
XVI.	Old items of Miscellaneous advances and deposits in the Coaching Section to be revived.	"
XVII.	Some columns in the Register of returns received from stations are not filled in and they should be attended to.	"
Test Audit.	The work in the Coaching sections being to a large extent of an accounting nature, Test Audit and review by a Gazetted Officer or Superintendent unconnected with the initial supervision is desirable.	"
Ticket Printing section.	Blank Ticket forms are not counted when received from Company, nor shortages claimed from them, nor written off with proper sanction.	"
	Proper sanction for the adjustment of difference in stock as per Stock Verifier's Report of June 1934, has not been taken.	"
Custody of stocks.	No arrangement exists for proper custody of stocks under the charge of Gazetted Officers and for preventing renewal of stock as officials go in or out of the section as in a Mill.	"
Engine Miles.	There is no record in Audit Office to work out engine miles. A local verification of the figures furnished by the District Loco Superintendent should be made once a year, attested by the Accountant in Loco & Carriage Superintendent's Office.	"
Sundry Earnings.	The Audit of miscellaneous earnings - should be entrusted to an Audit section and not to S.T. and detailed rules framed for the audit of these.	"

ESTABLISHMENT AUDIT.

Provident Fund. Ledgers II.	Difference between detailed ledgers and books has not been correctly ascertained, and reported in the yearly review of balances. The balances in the four records kept for Provident Fund Accounts should be reconciled early. A separate column for posting refund of loans is necessary in the Provident Fund Ledgers.	"
Old & Dead Accounts III,	The outstandings in these accounts have to be adjusted early and items which are remaining unclaimed for over three years should be adjusted as per rules.	"

V.Disallowance lists.	Outstanding list of districts not attended to by departments in any quarter to be taken to regsiter of Objectionable Expenditure and reported to Government and included in Audit and Appropriation Report. This is not being done at present.	Auditor
VIII. Provident Fund Loan Register.	The register of Provident Fund loan recoveries maintained by Auditors may be dispensed with making the Auditor of the Provident Fund account responsible to see to the non-recoveries as soon as he completes postings in the Ledgers. The auditing of the salary bill of Audit office by the Comptroller should be got revised.	"
IX. Court attachments.	The amounts recovered towards Court attachment orders have to be accounted for according to the recent Government Order of 16th December 1935.	"
XI.Deposits.	Minus balances at end of June 1935 to be verified and recovered or adjusted.	"
XII.Miscellaneous advances.	A special report to Government of the items of 1929 and prior periods outstanding under this account is necessary. The difference between sectional register and B.B.Book to be traced and adjusted early.	"
XIII.Recoveries of water charges electric charges & Conservancy Cess & Rent.	No demand register is kept to check the recoveries and unrecovered balances have not yet been adjusted.	"
XIV.Audit with distribution of grant.	The distribution of grant for different classes of men for whom one lump sum grant is made, is necessary to watch outlay compared with grant in the different sections. Debits & credits to Advances of T.A. should be initialled by Superintendents.	"
Revision of Codes.	Paras239, 275 and 277 of Mysore Railway Code, Vol.II to be altered as A.Rolls show also posts the pay of which does not exceed Rs.250 and conflict with para 3 of Mysore Railway Code, Volume I.	"
	Para 250 requires alteration as there is no family pension fund. Para 256 to be altered as per Government Order of 16-11-35 and paras 298 & 302 to be modified as the registers are not in use.	"
	Rules 148(2) to be modified suitably.	"
	Para 120 of Mysore Railway Code, Vol.I to be removed as the rules are not in force.	"
B.B.Section.		
Exchange Accounts.	The verification of balance under D.I and III to be completed early.	"
Inter-transfers (old)	Debit balance of Rs.1,80,808-13-7 which is outstanding since 1921-22 should be adjusted early.	"
Depreciation Fund Account.	Detailed register showing debits and credits etc. to be kept and postings to be made - monthly.	"

Government Account.	A regular ledger account to be kept.	Auditor.
Review of Balances.	The reviews of balances to be got printed in three parts.	"
X.Fine Fund.	Appendix XV is not to be found in the Codes though a referenceto it is made in para 557 M.R.C.Vol.II. A correction slip to be issued early.	"
	Old Open Lines.	
Test Audit at Madras.	The Test Audit Officers should report every month the inspection completed by him and a programme of work should be fixed and approved by Auditor. A register showing the reports received from Test Audit Officer, the points raised and action taken to be maintained in Audit - Office.	"
Agreements with M.&.S.M.Railway.	The procedure adopted in calculating special charge of rent and maintenance of telegraph lines and P.F.Contribution to K.G.F.Railway staff which is debitable to State Railways under certain conditions only are to be got verified by the Test Audit Office.	"
Audit Certificate.	Each auditing section to furnish a certificate signed by the Gazetted Officer that all vouchers are audited and filed to the S.B.section for submission to Auditor.	"
	Orders for the extent of check to be - exercised by Superintendents to be framed early.	"
Shortages in Library Account.	Shortages reported in Stock Verifier's last report to be taken up.	"
C o d e s. M.R.C.Vol.I.	Several rules in Chapter I, which are not in force require revision.	"
	Classification of Earnings 205 - 207 in Chapter II requires modification.	"
M.R.C.Vol.II.	Several registers kept in the Goods section to be included in the Code.	"
K.D.Railway Account.	The outstanding of Rs.6,979-9-9 under Suspense account be adjusted early.	"
General.	Separate staff for revision of Codes is necessary and also an Accountant for local inspections and Mysore Traffic Manuals and Stores Manual requires revision, and compilation of an Engineering Manual is also necessary.	"
	Goods Section.	
Percentage check by supervising Officers.	Test check of at least 10 percent of the invoices, demurrage charges, etc., by the Superintendent or Accountant is necessary and the Gazetted Officer may allot the portions to be reviewed and revised by the Superintendent and Accountant in this behalf.	"

Claims Account.	The Pass-Orders should be passed by Superintendents and Gazetted Officer and sufficient details of the nature of claims are got noted on the Pass Orders. A note of payment made is to be made on the original invoice to avoid double payment.	Auditor.
Credit Notes.	Proper supervision and percentage check of Credit Notes by the Superintendent and Gazetted Officer is necessary to avoid errors.	"
T.A.6 Registers.	The unadjusted balances in the T.A. 6 and T.A.6(a) registers should be reconciled with the Traffic book and the difference adjusted.	"
Excess Register.	Balance of outstanding items in the register to be worked out and reviewed monthly.	"
Weight Register.	This register is not being reviewed and heavy differences between invoiced weight as per forwarded return, and received return are not reported to the Traffic Manager for necessary action.	"
Station Outstandings.	Unadjusted outstandings of Mysore Station for December 1934 and June 1935 to be cleared early.	"
Local Missing Invoices Register.	The entries in the register prior to May 1933 to be reviewed and action taken noted in the Register.	"
R.M.C.Invoices.	Outstanding items have to be got cleared early.	"
Invoices not returned by Foreign Rlys for final record.	Since invoices which are not yet received to be obtained and the register should be reviewed by the Gazetted Officer in charge.	"
Refund of Overcharges.	Refund of over-charges to be got attested by the Gazetted Officer in charge.	"
Stores Accounts.	The Sorter to maintain a register of return due as well as those not received from stations.	"
Manuals.	A separate sectional manual to be compiled immediately.	"
Audit and Appropriation Report.	Differences between invoiced amounts and amounts shown in the balance sheets, invoices not accounted for by stations, incorrect weighments, heavy losses in auction sales of L.P.O. unprofitable concession rates etc., to be included in the Audit and Appropriation Reports in future.	"
Inspection Reports of Travelling Inspectors of Accounts.	The old Inspection reports which are not reviewed by Gazetted Officer to be done now. The Inspection of the accounts of the L.P.O. Mysore which is in arrears from June 1935 to be taken up immediately.	"
	It is necessary that all Stations are inspected according to the programme during each quarter.	"

Open Line Capital Expenditure.

III. orkshops.

(h) Workshop Suspense balance.	The difference between Workshop Account balances viz. Rs.21,925-3-11 and that in the Audit Office Ledger viz. Rs.19,050-7-2 should be traced and adjusted early.	Auditor
(i) Deposits & advances of the Workshops.	The differences under Deposits and advances between Workshop Accounts and Expenditure section register to be traced and adjusted early.	"
Completion Reports.	Completion Reports to be scrutinised with great care and abnormal variations between the actual outlay, and that provided in the estimate taken up promptly.	"
Contingent charges, stores Issues & Coal Issues.	Charges relating to these are not being properly audited and should be done in the manner indicated in para of the Note on Stores Section.	"
Adjustment of Vouchers.	These should be scrutinised properly in Audit in future.	"
Stock Verifiers reports re: Tools & plant etc.	These reports are not dealt with properly and their disposal is long pending.	"
Station equipment. Tools & Plant, furniture, Clock etc.	The Stock Verifier to see that all articles are actually taken to stock account.	"
	A separate record of additions as distinguished from repairs and renewals of stock should be kept for verification with the yearly returns.	"
Miscellaneous Advances and Deposits.	Several old items of over three years are outstanding and action should be taken to clear them as per rules.	"
Demands payable.	Heavy amounts of 2 to 3 lakhs outstanding under this account should be cleared early as some of the items relate to 1929, 1931 and 1932.	"
Possible re-arrangement of work and savings in cost.	The work in the Expenditure & Establishment sections cannot be considered heavy and by combining the two sections, savings can be effected.	"
Concurrent Audit. (1)	A register to be maintained for noting issue and final disposal of concurrent audit reports and important objections for audit & appropriation report.	"
(2)	As the local audit does not cover the transactions of all the sheds for all the months, proper scrutiny in Central Office obtaining necessary records to be effected paying particular regard for issues & repairs done to Foreign railway stock for which recoveries have to be made by getting monthly returns with proper details.	"

Workshop Accounts.	The Accountant posted to Loco Office should keep a record of objections raised by him and not properly attended to by the Department and produce it for inspection of Gazetted Officers. His duties should be defined in the Mysore Railway Code, Volume I Chaper V.	Auditor
Productivity of Capital Expenditure.	A list of works charged to Capital in the past to be made out and the test to judge the productivity of the expenditure applied and a report about the results of their working submitted to Government.	"
Rolling Stock.	The values in the list of rolling stock to be totalled and agreed with the outlay in the general books and the form of the list of rolling stock to be modified on the lines of the M.&.S.M.Railway.	"
Returned materials from Works.	Register to be maintained in X section to note the credits allowed in the estimates and see that they are received in full. In the case of renewals and replacements, such as sleepers and rails, it should be seen - that the quantity returned is equal to quantity now placed.	"

Cash & Pay Section.

Post Audit of Paid vouchers (1) to (10).	Vouchers relating to 1924 and even prior to it are yet due from C.&.P. section and they should be sent early. The Post-audit of - paid vouchers is heavily in arrears & should be completed early. A percentage of post audited bills to be reviewed by the Gazetted Officer every month. Objection books and adjustment registers to be maintained and balanced on the lines in Civil Audit office.	"
Review by Gazetted Officer (11)	The post-audit work to be reviewed by Assistant Auditor who is not in charge of C.&.P. or Senior Superintendent and a report submitted to Auditor.	"
Powers of Auditor (12).	Auditor to be empowered to waive objections in respect of vouchers, such as thumb impression not attested, certificate of payment not furnished, stamped receipts not furnished which in his opinion may not recur or lead to loss to Government.	"
Test check of payments made by clerks (14).	Test check of payments made by Pay Clerks to be made by Gazetted Officer by witnessing payments once in every alternate month.	"
(15)	For cheques issued to parties stamped acknowledgement not to be insisted upon if cheques after encashment contain proper acknowledgement or when the cheque is sent by registered post.	"
Filing of vouchers in records (16).	Records to watch prompt submission of vouchers relating to a month and report omissions to Auditor.	"
Paid cheques of Treasuries. (17)	These do not bear any evidence of check and should in future bear the Post-audit stamp, attested by Superintendent and the checker.	"

II.Station Remittances (18) and (19)	The existing procedure involves a triparkite arrangement in handling and remitting cash. The circuitous method of dealing Railway earnings may be avoided by transferring C.&.P. section to State Huzur Treasury, thereby effect savings in the Police establisnment. If this is approved, the Auditor to be permitted to draw amounts from Mysore District Treasury for Railway disbursement.	Auditor
Counterfeit and uncurrent coins. (20)	Detailed rules in peras 122 to 124 in dealing with these coins are not followed with the result that they are kept under circulation. This question would be solved if the work is transferred to State Huzur Treasury.	"
Custody of cash received from stations (21).	Out of the two keys of the iron safe wherein the days collections are deposited, one should be with Cashier and the other with Gazetted Officer, as it is not desirable to leave both the keys with subordinates.	"
III.Security Deposits (22) to (29).	In some cases security is not taken from officials dealing in cash, while in - others sufficient security is not obtained. It is desirable rules are framed regarding the amount and nature of security to be furnished by each official.	"
	Instead of giving cash office staff special grades a suitable allowance to be attached to the post to be given to any person doing the work as this will obviate the present difficulty of enforcing payment of security deposit. It is desirable to change Pay Clerks once in five or seven years.	"
IV.Receipt and disposal of valuables. (30).	Receipt of all valuables to be received by Cashiers and noted in the Register. The records section may dispense with the maintenance of similar register in that section.	"
(31) & (32).	Service agreements etc. which are filed with ~~xxshixxx~~ connected papers should be entered in safe custody register and kept in Auditor's safe in the C.&.P.section.	"
(33).	Same remarks apply to Trust Interest payment orders received from Comptroller.	"
V.Receipt books. (34) to (37).	Separate receipt books to be obtained from Comptroller and they should be in custody of Officer in charge of records section. A fresh (work) to be given only after the previous one is got back from C.&-P. A stock account of receipt books received,issued and balances to be maintained.	"
VI. UHpaid pages. (38) to (41)	Unpaid amounts remitted to treasury by the Cash section to be accounted for in the Cash book or the section to avoid delays of possible omissions in the general cash - book. The present practice of Pay Clerks remitting unpaid amounts to treasury on separate chalans to be discontinued, the amount being made over to Cashier of Pay Section for remittance by him to Treasury.	"

	Stock account of challan books to be maintained and a fresh book to be issued only after receipt of old one.	Auditor
VII.Cash Balances with PayClerks (42)	The balances of cash with Pay Clerks - should form part of the balance with the general Cash book. B.B.section to obtain cash books of Pay Clerks and check them with reference to unpaid amounts remitted to Treasury.	"
VIII.Simplification of forms and procedure (43) to (45).	Pay Masters Cash book will be unnecessary if C.O.7 form is modified, as per sample form given to Auditor. Maintenance of two Registers, one for Miscellaneous cash receipts and the other for cheques received can be dispensed with if a book is maintained as per sample form given.	"
(46).	With the changes proposed above, the assistant given to C.&.P.section can be transferred to B.B. to do post audit work of Paid vouchers.	"
IX.Chapter IV of M.R.C.Vol.II.	The chapter in the Code to be revised suitably to be in accordance with the procedure followed.	"

Notes on the Inspection of the Stores Audit Section.

I.Organisation.	There is vast variation between the actual practice in vogue and that prescribed in the Code in the matter of purchase, accountal or custody of various kinds of Stores and the result is that rules intended for a different organisation are often ~~supplied~~ applied and quoted and several defects noted are due to this state of affairs. The existing rules to be suitably modified so as to describe the accounts to be maintained by each custodian and the returns to be furnished by him.	"
	The rules in the Codes (Vide para XI infra) are defective and require revision.	"
II.Permanent Way materials. (a)	The difference of balances in the price ledgers of Audit office and the general abstract of Stores on 30th June 1935 is - 129195-1-2 and 96546-9-8 respectively. The difference should be traced and adjusted early.	"
(b)	Minus balances in the ledgers in respect of quantity and cost to be adjusted early and so also issues without receipts or balances on hand.	"
(c)	Whether Distribution statement of Stores received and issued (Form No.20) referred to in 962 of M.R.C.Vol.I is the same as (form S.22) referred to in 222 of M.R.C. Vol.II requires looking into.	"
General stores. III.(a) Priced ledgers.	The difference in balances between the priced ledgers and the general abstracts of stores and the B.B.section books should be reconciled.	"

	The differences reported to Government through Agent in S.42 returns, are incorrect. They do not show the differences between priced ledgers and B.B.books correctly	Auditor
(b)	Inspection of ledgers once a quarter by Accountant and once a year by the Gazetted Officer should be arranged in future.	"
IV.(a)Stock adjustment account.	The balance at credit of this account is (9,748-7-0). Detailed list of unadjusted items outstanding under this account agreed with this amount to be prepared.	"
	Ledger proofs of P.W.materials not prepared for several months to be maintained immediately.	"
	Difference in the verification of stocks of P.W.materials, Loco stores including coal, tools and plant, are not adjusted soon after receipt of verification reports and consequently the adjustment of differences cannot be watched.	"
(b)(i)Stock Verifier's Report.	Stock Verifier's reports are not properly dealt with and the reports from January to June 1935, are pending disposal and adjustment.	"
(ii)	A register of Stock Verifier's reports received to be maintained to show their disposal.	"
V.(f).	Check of issue notes on which materials are issued to be done in the expenditure and other audit sections and a record of objections raised to be maintained and pursued.	"
(e)Foreign Indents.	Register of Indents to be written up in the serial order of the Indents accepted and placed with S.P.C. instead of in the order of contracts finally entered with the firm by Rendel Palmer & Co. Copies of contracts to be kept instead of a summary of the terms in the register, and the register maintained for the purpose ~~of~~ dispensed with.	"
VIII.Purchases Account. (a)	The maintenance of 6 volumes for individual creditors is elaborate, and involves much waste of stationery. The rule in para 213 of M.R.C. Vol.II may be followed.	"
(b)	Abstract of individual accounts may continue to be maintained in the existing form.	"
(c)	Several old balances and minus balances outstanding under this account to be verified and adjusted.	"
IX.Deposits Sales & Stores in transit.	Action to be taken to recover or adjust old outstandings as per enclosed statement.	"
X.Monthly proof sheets.	A monthly proof sheet in the form used in Comptroller's office to be maintained for stock adjustment account, purchases, sales, ..is. Advances etc.	"

V. Extension & Remodelling of Central Workshops. Mysore Section remodelling.	Action taken on the Stock Verifier's report regarding certain materials at site of these works to be verified.	Auditor
V.(a)(ii)	To enable audit to verify issues for special works and recoupment of imprests, issue notes in proper form to be prepared by Permanent Way Inspectors and approved by Gazetted Officer in charge and sent to Audit along with xx S.22 returns.	
Audit stamp.	Each requisition to be stamped with audit stamp to ensure that issue notes are properly scrutinised.	

(d) A Capital and Revenue Budget with fuller details to be prepared for Workshops in each year and got sanctioned by Government as in the case of Central Stores.

The outlay on Capital and Revenue Works executed in Workshops get transferred to final heads month after month. The effect of the Workshops Suspense balance is, therefore, and always taken at "nil" value for purpose of Budgetting. As the Workshops are maintained only for the service of the Railway, the need for detailed Budget does not seem to arise.

It would be to the advantage if more careful estimating and better control over the outturn of special works undertaken in shops and capital works and other items involving manufacture of spares for service purpose are all provided for and estimated. Otherwise the assumption of a nil balance will involve the overlooking of work-in-process in accounts.

(e) To have an effective check over the expenditure on replacements and renewals of Rolling stock, a detailed programme as in the Government of India (Railway Board's letter 6273-F., of 22nd June '32 and para (g) of the Government Examiner's Manual) is framed.

The programme of heavy repairs to rolling stock should be reviewed, and approved by Government before detailed estimates are got sanctioned.

There are units which have been condemned and awaiting replacement.

Apart from lumpsum provision in the Budget detailed estimates for heavy repairs of stock due, are sanctioned by Government or the Agent after scrutiny by Audit .

A triennial forecast would be desirat This may be reviewed each year in the light of budget sanction and actuals.

(f) The submission of the return to Government contemplated in para 231(II) of M.R.Code to be prepared in future by Loco & Carr : Supdt., with certain modifications and sent to Auditor for submission to Government along with the Capital and Revenue accounts of each year.

Submission of comparative statement of Erection and repair charges as compared with reference to the cost of similar repair works in British India is what is suggested in the para. It is not practicable to collect the information. There are also other factors which affect the cost and vitiate comparsion, for instance, the length of the Coach, mileage, cost of the particular part worn-out etc.

Why we should not obtain details showing whether we are able to get on.

(i) Indirect Whether the rate of 8 per cent for charges. interest and Depreciation on buildings and 5% for supervision does not require revision to be looked into and reviewed once in 5 years by the Audit office and Government approval obtained for the rates.

There are standard rates prescribed by the Government of India and approved by the Local Government.

Why the sufficiency and adequacy of t levy in our case should not be examir is not clear.

H Secty

Ry Secy

Govt.

In view of the further reply of Complt, this suggestion in his second Column may, if appd, be directed to his two letters to the Press, & be kept on file.

No action is perhaps necy for the present, on receipt of the Agent's reply.

H.M. The Agent has since been submitting some proposals on Capital Expr.

I agree with the Financial Secretary

May perhaps be dropped for the present.

This may also, if appd, be dropped for the moment, till some expression is gained after the resumption.

my view on the present

10/VIII/88

Mr Sec 66.

Mr G M may, if agreed, be requested to examine this suggestion + report. A D 18/4/66

I agree with the Financial Secretary.

Auditor will be requested.

Auditors' proposals may be called for

Vide remarks again item — VI (overhead allowances) page 3. A D 13.10.382 + also pages 5. Bibo Secretariat from 17.5.67.

(J)Stores Charges.	A suitable percentage to cover charges for supervision, storage, contingencies to be fixed and debited to various Capital and Construction jobs in Workshops. The percentage to be fixed to include a portion for gratuity and Provident Fund of the Stores Staff also. The revision or otherwise of the 5% to cover Indian freight sanctioned in G.O. of 16-1-1927 to be taken up.	The principle is that no charge for supervision should be made to Open Line Capital Works. In the case of Construction, separate staff is sanctioned for stores work.	When the Open Line staff directly supervise such items of work which is not under administrative control of the Stores Office, the rule quoted is ~~therefore~~ inapplicable.
(k)Return of unused Materials.	A special review of the balances held under "Surplus Stores" to be sent by concurrent Auditor until the standing Work Order is removed and rules in the Loco Manual are adopted.	The Auditor may take up the question separately.	
Saloon charges for the use of H.H.The Maharaja of Mysore and Other State Officers.	Rules as in Government of India to be framed for recovery of charges on account of interest on Capital, cost of special alterations and -repairs made at the request of the Palace, etc, or the cost (Capital) now debited to Railways to be transferred to "General Administration".	The objection relates to "E" Type saloon which is under reconstruction in the Perambur Workshops, for which detailed Estimates have been sanctioned by Government and the allocation settled.	
Concurrent Audit (Control).	With a view to avoid duplication of audit work, the Central Office audit of accounts relating to Workshops to be abolished and entire work entrusted to Concurrent Auditor who may be of a Superintendent's status. The Concurrent Auditor to be relieved of the audit of accounts in Loco & Carr: Supdt's office and Dist.Loco Supdt's office and sheds and these entrusted to Inspection Staff or Travelling Inspectors of Accounts.	No. The formation of the Workshop Audit Section is what is necessary.	This has not been sanctioned by Government. My suggestion may therefore be given a trial.

Foreign Railway Repairs.	Repairs to foreign railway vehicles should be debited to Mis. Advance and not to final head of account, and recovery watched. All charges due on this account to be reviewed for a period of 10 years and the amount not recoverable to be written off with Government sanction - Maximum limit upto which losses in this connection may be admitted in the Audit without Government or Agent's sanction to be got fixed.	If at all the charges are to be recovered, they should be debited to a Suspense Account otherwise not. The foreign stock should be handed back to the owing railway in the condition in which they were given.	Only recoverable charges were suggested to be debited to the Miscellaneous Advance Account.
New Minor Works.	Rules in para 432 of Government Examiner's Manual to be introduced in Mysore.	Heating circuit is treated as a "fitting" and so it is an addition to the Capital cost of the buildin	In any case orders of Government are necessary to permit it to be treated as "fittings"
Residential Buildings.	A Capital and Revenue Account as in Civil Department should be prepared each year and submitted by Auditor along with general capital and revenue accounts, as an appendix. The rates of 4% on capital cost and 2% for Workshop quarters are very low, and should be raised suitably.	This account is not required on Railways, as the buildings are not provided with view to make profit, but only where staff have t reside near the place of business in the interests o the Railway, or due to dear of quarters in the area.	Extract of para 2 of letter No.1257 B dated 3-8-38 from the Railway Director Finance, Railway Board. is noted below "As regards the Capital and Revenue Accounts of Residential Buildings these are compiled annually by the State Managed Railways.
Rest Houses and Retiring Rooms.	Rent to be recovered from Railway Officers for occupying rest-houses as they get daily allowances and such a procedure is in vogue in the Electrical Department. For watching recoveries towards rent, electric installations, conservancy cess and water charges, each Auditor to maintain a Demand, Collection and Balance Register.	Rest Houses are not like Travellers' Bungalows of the Civil Department, Railway Department, officers do not get any T.A. while on tour except D.A. for eight hours' absence from Head-quarters. For the rest-house at Bangalore City rent is, however, proposed to be recovered.	Even in the case of Electric Department half rent is levied. It is not clear why the Railway Department also should not adopt a similar procedure.
Not for Audit purposes.	The words "not for Audit purposes" in appendices B,C,F,G,I.J,K,Q,R.S: and W, in the Authorization Rolls to	Where the Agent has powers to vary number and rates of pay, the Schedules are marked as such	Departmental expenditure is subject to compliance with sanctions and the Agent's sanctions are also used for audit purposes in regulating expenditure. The remark in the A.Rolls are therefore unnecessary.

H Secty. H Secy Ry Secy Govt

2/cs. This is the Correct procedure, AD 15.10.38

Power Supply. Whether for heating or for other purpose is a Revenue Stores & Cannot so purchase to Capital Acct.

– The point is that the purpose of the original fitting shd be treated as Capital equipment and not actually debited to the Capital head, but included in the Capital cost of the building AD 18.10.38

The Board of Direction rule, applicable to all State-managed Railways may be followed here also. AD 13/10/38

Non questions may, if appd, be framed by the Auditor & C.A.G. AD 13/10/38

The Compilation suggested in Column 2 is reasonable & may be approved. AD 13.10.38

I agree with the
nancial Secretary.

to be got deleted, as the significance of the note is not clear. The scope of audit over these details to be made clear.

NOTES ON THE INSPECTION OF THE STORES AUDIT SECTION.

I (d). Yearly returns of balances of all stocks in the District for 34-35 and prior periods have not been received from the Executive Engineer, Mysore.

The returns for 1934-35, received from Executive Engineer, Hassan does not agree with the ledgers of Audit Office and remarks of Audit have not yet been attended to.

The balances in the ledgers maintained in the Divisions have not been reconciled with the Audit Office ledger balances, and this should be attended to immediately.

The rules referred to relate to District Sub Depots, constituted under the control of the District Engineer. There are no such Depots in Mysore.

An annual balance return is as much a necessity for one district as for a district having several depots.

(e) To avoid differences at least in future years the actual stocks on hand on 1-7-36 to be obtained from Departments and new ledgers opened with these balances both in Audit and Divisional Offices. Arrangements to be made to trace the outstanding differences upto 1-7-36.

Extract sent to Superintendent, Way & Works

Action taken will have to be watched by the Auditor.

(f) Returns for new and second hand materials and also unserviceable materials such as rails girders, and the like which are not being received now to be obtained in future, as required in para 962, M.R.C. Vol.1.

Though submission of unserviceable materials is not contemplated in 962, M.R.C. Vol.I, it is desirable that returns for both serviceable and unserviceable articles are obtained and the rule modified accordingly.

(g) Delay in adjustments.

H Scott.

Hl Secy

Rly Secy.

Comptr

Balance return of stock is an important record and all the suggestions a, b & c may perhaps be appd. as there can be no exception in favour of one district - viz. Mysore.

AGH 13.10.88

I agree with the Financial Secretary.

(g) Delay in adjustments.	Monthly returns of Permanent-way materials (S.22) are not being submitted by departments on due dates with the result that adjustments are also delayed. The departments to be instructed to arrange for prompt submission.	Extract sent to Superintendent, Way & Works.	Vide remarks above.
III.General Stores. (b)Priced Ledgers of C.S.K.	The maintenance of priced ledgers in Audit Office and Ledgers for numerical quantities only in the General Stores are duplication of work. If Stores Office is made to keep priced accounts also in their numerical ledgers, the duplication of ledgers may be avoided and audit cost reduced. The proposed arrangement enables the Chief Store-keeper to exercise a control of Stores issued against provision in the Stores Budget, work estimate, etc. It will further enable Audit Office to its proper function of Audit and accounting. The procedure which is obtaining in the Postal Department and Railway may be modified to suit our requirements. A monthly Account current for incorporation in accounts may be obtained from Stores Office and a local audit arranged as in the case of Workshops.	The question of formation of Workshops and Stores Audit Section near Central Workshops has been taken up with Government which is the right solution in the matter.	The suggestion has been deferred as per orders of Government. The matter requires to be separately considered later if necessary.
(c) Returned Stores.	Clear distinction between serviceable and unserviceable articles should be made and whenever there is difference of opinion in regard to valuation of returned materials between the departmental officer, and the Chief Store-keeper orders of Agent should be obtained. It is desirable that auctions are held quarterly or at shorter intervals instead of yearly to prevent deterioration of articles and also the possible substitution of bad ones for good ones.	It is so even now.	Expenses of auctioning and advertising for the same is so great, that it is not worth attempting unless large balance accumulate for disposal

	Note of sale against the concerned entries to be made in the register of D.S.8 to enable audit to know what D.S.8s. are pending and what articles are leftxxx unsold.	Extract sent to the Chief Store-keeper.	
(d)Old Second-hand materials.	Action to be taken to dispose of the stock of old second hand materials which are out-standing for a long time (Pages 18,19,22,74,91,123 and 134 of Mysore Second Hand Materials Ledger).	Many of these items have since been disposed of.	
IV.(b)(iii)	Several surplus materials not borne in any ledger in the Central Stores pointed out by Stock Verifier (Report S.V.41 dated 1-5-34) and some more articles yet to be verified by him to be taken to ledgers immediately both in the Audit and Departmental Offices.		
(iv)	Stock Verifier's reports sent to Executive Engineer, Hassan (Nos.1462 of 5-6-35, and 1581 of 24-1-35, and 100 of 17-7-35) which have not been received with remarks should be called for and adjusted early.		
	The period of two years fixed for stock verification of Engineering Imprests, of P.W.Materials to be reduced to one year.	No need for increasing the Establishment charges on this account unless there have been great discrepancies which call for frequent verification.	An annual stock verification of loose materials lying at various places is in my opinion quite necessary and has to be performed by some responsible Gazetted Officer of the Department. This will not add considerably to the work.
IV(c)Stock verification by the Departmental officers.	Audit to obtain a certificate of verification once a year or at any other interval from the Gazetted Officers, who are responsible for the work. Besides, a percentage	Balance return is sent month after month showing the balance to be recouped. This return implies that the	

H Secretary

Sir G. Mowill be asked to instruct the Storekeeper to adopt the Committee's suggestion.

H Secy

Note kept to G.M.

AG Response.

Ry Secy.

Crown.

No remarks.

This must may Secretary be appointed

	percentage check of work done by Permanent Way Inspectors and Stock Verifier to be done by officers and in token thereof they should attest Stock Verification Report.	the person submitting the return is responsible for the Stock in his custody.	True, but the main guide for audit is only a certificate.
	Balance return of Stores received from Chief Store-keeper's office on 30-6-35 is not signed by the Chief Store-keeper and this should be enforced in future.	The Stock Verifier should be deemed to be a Member of the Accounting Staff. As such, the transfer of responsibility to him in regard to verification is in order.	The departmental acceptance to the correctness of counting is an integral necessity and cannot be dispensed with.
V(a)(i)Issue of Stores: Permanent-way materials and coal.	Imprests of permanent-way materials with Permanent-way Inspectors to be checked to see whether they hold any excess stock over that sanctioned by agent.		
(b)	Issues of coal are not supported by proper vouchers sent for Audit. Local Audit to be improved to cover review of the transactions of all the months.	The vouchers are retained with the Loco Department according to rules.	Why copies of vouchers by carbon process cannot be submitted is not apparent.
Instructions to Audit to the various checks to be applied in audit of the following:	The consumption of coal should be subjected to detailed audit and the local audit should compare the issues with mileages worked by various engines or get suitable returns every month.	Quantities for each trip are fixed and issued accordingly.	A fixation of a limit does not dispense with the necessity for a local review either by the administration or by audit in a percentage check.
(c)Issue of stores.	Issues to Workshop to be scrutinised with reference to necessity for the articles and propriety for charging them to a particular work.	This refers to audit of "Purpose" which is not in the purview of audit at present except as a part of "Higher audit work". Auditor to ask the Loco Superintendent for the information if required.	The Agent's remarks are not clear. This is not a matter of higher audit but raises issues connected with facts.
	The necessity for issue of a bag of charcoal for W.O.27/11 as per requisition 182 of 4/2/35 to be enquired into		

H Secty

H Secy

H Secy

Compr

When a memorable of a Certificate may be asked to be furnished. — A.G. 15/10/35

The Return could be sent to the Auditor in token of the Deputy accepting the Conclusions of the Court of H.M. who is an E.O. accounting if not being done now) — A.G. 15.10.35

Carbon Copies of vouchers may be taken & sent to Audit also in support of returns. The local Audit also may cover returns of all the Months' transactions. — A.G. 15/10/35

The C.R. could be requested to arrange for a percentage review by ad[illegible]. — A.G. 15/10/35

No Remarks. — A.G. 15/10/35

Yes. The Auditor may take up this matter with the Home Dept.

I agree with the Financial Secretary.

Clothing Account.	In the issue of clothing to officials, workmen, etc, the requisitions and supplies to be checked with reference to scale of issue fixed for each and the name and acknowledgment of the persons to whom they were issued.	Acknowledgments filed in the respective departmental offices.	
Consumable Stores.	Issue of consumable and petty stores to be verified with sanctioned imprests and requisitions.	Done in the Departmental Offices.	
Stationery articles.	To be checked with the scale fixed for various offices.	This is done during periodical inspections.	
Renewals and Replacements.	Issues of new materials for replacements and renewals to be verified with quantities with reference to provision in the estimates and also with quantities of returned materials.	This is an elementary check to be exercised by the Loco.Accountant.	In the first place the departmental officer has to satisfy himself that there are no losses and to ensure the object, the check has to be got done by him locally or in his office in the first instance.
(d)	Issues of stores should be verified as above in the Stores Office before they are issued. If priced ledgers are transferred to Stores office, verification of issues with the sanctioned grant will be possible and better control will be secured and irregular issues prevented.	This may be done when the Stores Audit Section is formed.	
IV.(f)Purchase of Stores. (i) and (b).	For purchase of Stores exceeding Rs.250 proper explanation to be furnished for deviating from the tender system and the certificate to be furnished should be in the form prescribed in Civil Offices.	Almost all stores are obtained through Stores Purchase Committee. Tende rules cannot apply to non standard articles and technical items of stores to be obtained from particular firms and individuals.	This is a departmental matter.

H Secy

H Secy.

Rly Secy.

Chmn.

no remarks.

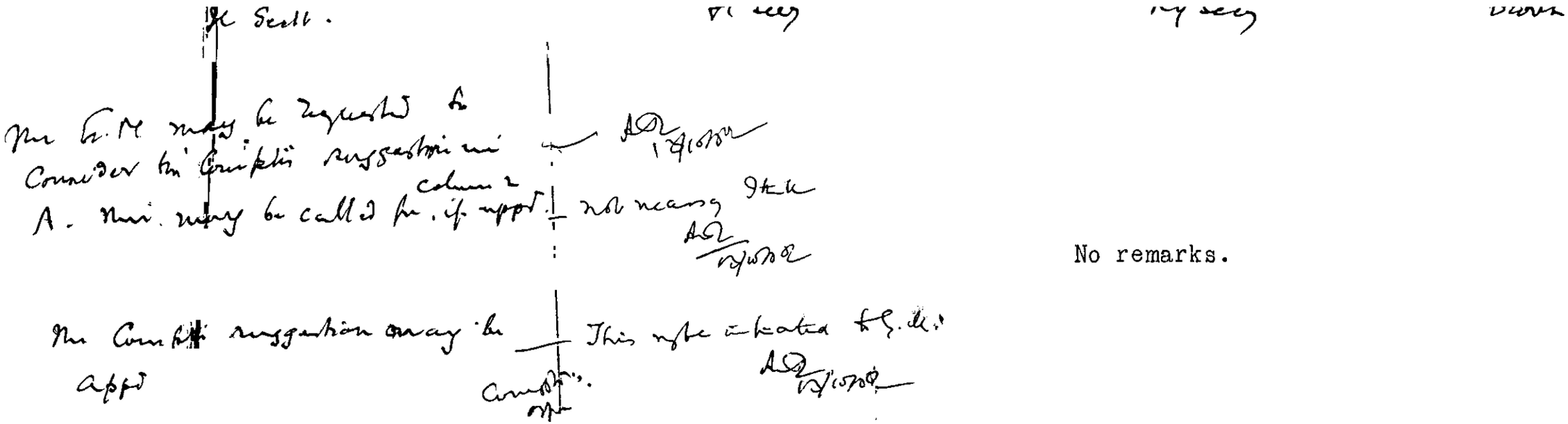
No remarks.

—do—

Rly Secy for Kind Remarks.
Mr Gupta's suggestion is accepted — Proforma
13.10.

This is purely a departmental matter. The General Manager will be asked to take up this question separately.

(c)	Purchase of non-stock articles is heavy and in some cases (electric bulbs, locks, stationery, etc) requirements of a year could have been foreseen, and purchase made by calling for quotations to economise cost. Reasons for local purchases of stationery by C.S.K. to be asked for. A.	The purchases are often spread over to save money by taking advantage of the prevailing market rates.	There are advantages for both the procedures. In a falling market what the department says may be true but the advantages of what such purchases to secure economy will be lost.
(d)	It is desirable to obtain an exact copy of original order for supply of non-stock articles along with formal order to know the exact terms of the supply as contracted with the firm.	The object to be made clear.	For check with reference to original orders or the condition with respect to bills received for supply of materials.
II. Stores Budget.	Classification of Stores both for the purposes of budgetting and accounting to be in accordance with the classification of Stores under the several classes A to H to exercise audit against grant as otherwise it will not be perfect. The grant for the debit to Stores including suspense takes into consideration only cash payment. The cash debits to suspense heads other than stores particularly in the case of heavy payments to be made in London are not noted separately and it is not possible to say whether all such heavy items are taken into account while framing the Budget. It is therefore necessary to mention in Stores Budget details of transactions under other suspense heads such as purchases, London payments, etc, when heavy payments are already outstanding or likely to out-stand at end of year.	The check to be exercised mainly consists of:- (1) that there will be no excess over net cash grant under Stores Suspense for the Budget year; (2) that stores purchased are covered by sanction and provision in the Estimate for Works for which they are intended; (3) that they are only maintenance stores of the kind usually in demand by departmental officers. These checks are being exercised even now.	



No remarks.

	Excesses over grants under purchases of Stores viz., Cinder, Coal, P.W.I. Materials and Rolling Stock are not noticed and got sanctioned by proper authorities.	If instances are given, they will be examined.	Auditor may be askedto submit a report on the para.
XI. Co	A form book is necessary. Paras 898 & 900 M.R.C. Vol.I, require modification as suggested in para 1 above.	The departmental view is there should either be manuals or codes and only one of them that contains all the rules required for reference.	Please see Government Orders conveyed in ~~No.~~ August 1937.
5	Para 901, to be revised as there are no Stores Depots.	There is Central Stores Depot.	Only one depot and not several.
	Para 904 to be deleted as price lists are not in force. Paras 908, 924 to 930 and 935 to 937 to be modified to define exact procedure for issue of permanent-way materials. Paras 931-934, 940 and 944 to be deleted as there are no Depot Stores Accounts or tally sheets.	This is for the audit to take note for revision of the rules in the new Manual or the Code.	These refer mainly to departmental procedure also. The department has to verify whether procedure followed at present is in accordance with the standing orders and it has to point out and assist audit in getting the procedure modified under proper explanation or follow the procedure prescribed in the code.
	Para 962, to be modified as form Nos. S.19 and 20 are not being received.		
	Corresponding Stores Audit Chapter V in Vol. II, part 1, M.R.C., paras 187 and 188 to be modified as form S.34 monthly account stations and manufacture accounts are not in use. Para 208 to be modified as there are no price lists. Para 216 to be enlarged so as to prescribe the procedure for adjustment of differences in verification of stocks like permanent-way materials, coal, tools and plant, and miscellaneous stores charged off to final heads.		

H Secty

Yes may be appd.

H Secty

The Agent might look for an answer.
AG
15/10/82

Ry Secy

Gorch

No remarks.

may be asked to be examined by the G.M.

This will be considered in connection with Code revision and relevant clause
AG
13.10.82

This will be considered in connection with Code revision and relevant clause
AG
15/10/82

Yes.

This will, if appd, be Commanded to the ~~Agent~~ G.M.
The Govs are now under revision & opportunity may be taken.

Form D, prescribed in para 227 is not in use. Comparative statements of wagons built locally and of wagons purchased in England (S.40) referred to in para 231 of Vol. II, is not being sent to Government.

XII. Cost of the Stores Department.

With the formation of Stores Purchase Committee and getting all the materials required for the railway through them, the work in the Stores Department is only that of custody of articles and issue of these to departments. Taking the local purchases made by Stores Department, viz., Rs.2½ lakhs, the annual cost of about Rs 30,000/- of the Stores Department works out to 12% and is very heavy compared with 1 per cent of the Stores Purchase Committee. It is for consideration of Government to adopt measures for reducing this high percentage.

This is not correct. There are certain direct purchases which are made by the Railway Stores Department. The present strength of the department represents the minimum.

Exact figure for the last one year ~~is~~ The percentage of ~~loss~~ cost to actual purchases effected directly by the department has to be examined.

M. Viswaraya
Comptroller
Govt. of Mysore,
14/8/28

H. Scott

Enquiries will be made why this is not seat, if appd — not necessary

If appd, this work be asked to be carried out by Mr G.M. as this point raised is financial emphasis.

BR
10.10.38

H. Secy.

A general review of the position over the years is desirable on the college

AD
13.10.38

R. Secy

This is an administrative matter. I agree with the General Manager.

HM
25/10/38

Grant

TICKET CHECKING.

		REMARKS BY THE AGENT.	Campbell's further remarks
(c)	Instructions have to be issued for a more complete verification of paper tickets by ticket Collectors at Junctions, noting the percentage.	Extract sent to Traffic.	What action has been taken by the Traffic Department has not been indicated. (A)
(d)	Train numbers not noted on tickets issued.	Dating machines do not provide for this arrangement.	It is desirable to introduce the arrangement at least in sections where a number of trains run during a single day when opportunities for misuse or resale of tickets are likely to arise at least in important stations like Bangalore, Mandya and Mysore.
II	Returns of blank card and paper tickets checked by T.T.E's and not being received regularly every month for check with classification and Division sheets.	Extract sent to Traffic Manager.	Vide remarks at A above.
VIII	OutAgencies:- Whether the contractor should not bear a percentage charge towards P.F.Contribution and leave-salary of the clerk lent to the contractor by Railway at Kollegal Out Agency.	Will be examined.	All recoverable charges have to be collected in the financial interest of the Railway.
IX	Detailed accounts of auction sales showing bids offered and bids accepted not received and checked by audit.	Auctions are conducted by the Gazetted Officers in person and so there seems to be no need for this formality.	Even then, without details no subsequent verification will be possible, and it invariably cannot be linked up with station outstandings without such details. It is not a mere formality but a statement of details for adjustment in accounts.
(a)	Special report on the amount of station outstanding since 1932-33 to be made to the Agent.	Awaited.	The Auditor has been addressed to expedite its transmission to Agent.
XIII(a)	Heavy amounts of over 20,000 outstandingagainst Sugar Company Deposit to be increased.	Accumulations due to Audit not sending bills once in 10 days as instructed in this office No.759 dated 20-8-37	Auditor is addressed
(b)	Rent due from private persons Rs. 3,234/- action to be taken	Report awaited.	The Auditor may be asked to submit a report.
	Iron works dues heavy(Rs. 2 to 4 lakhs) Monthly adjustment to be arranged for.	The best arrangement is to transfer it to Central books which the Comptroller not however accept.	The Iron Works have been recently paying dues somewhat promptly.

Nelson of Fl. Swell	Fe Secy	Ry Secretariat	Attorney Genl.
Note may be called for from the T.M. by the Genl Manager.	The Govt. may arrange accts in the matter AG 15/6	I agree with the Financial Secretary.	
The Complete suggestion may be tried, if it does not entail large extra Cost.	— may be tried by the Station suggested in the revenue interests of the Railways AG 15/6	-do-	
— may be called for from the Gl. Manager	— necessary action will be taken by G.M. AG		
Genl's report of examination could be awaited.	— AG		
Detailed accounts are necessary & may be called in future	— AG 15/6/1921		

No. Remarks.

Yes

No. Remarks.

AG 15/6/1921

Small errors.	Error sheets not to be issued when the amount involved is two annas and less and the ppwer to waive such cases to be vested in the Gazetted Officer.	Acceptable.	
Let-go' statement of District Traffic Superintendents.	Powers of the District Traffic Superintendents to let go persons from whom money is due are to be got defined.	This is purely discrepionary.	A discretionary power does not obviate the need for review by the higher administrative officer. At least a monthly review by the Traffic Manager of such statements to be obtained from the Dist.Traffic Supdts is desirable in the revenue interest of the railway.
Hire of rolling stock.	Powers of Agent to incur charges to be defined and also see whether the hiring of the vehicle was necessary.	Both Traffic and Manager and Loco & Carr. Suptdt., are empowered to hire for short periods engines and rolling stock from M&SM Railway in emergent cases vide G.O.No. 1024 dated 26-9-1921	
4 Hire of interchange of Rolling stock.	The questionas to why the interchange from Decr. 1934 to November 1935 is always in favour of the M&SM Ry. Co. is to be investigated and if necessary a report made to Government regarding stock available in Mysore Railways.	Due to more inward loads obviously.	The position must now have altered. It requires examination in the Agency.
Charges recovered from the postal department.	Recovery from the postal department towards interest on Capital account and lighting charges in the postal vans still remains unsettled.	Audit report awaited.	The early settlement of the question is called for.
Audit of free passes.	Irregularities noticed should be issued in the Audit note form prescribed in M.R.C. Vo. II and not reported by means of letters as at present.	Acceptable.	
S.T.Section	The South Indian Chamber of Commerce and the Geological department to whom periodical returns of statistics are furnished, should be asked to pay like other departments.	Report from Auditor awaited.	Auditor has been asked to expedite submission of a report.
Train Miles (3)	The calculation of train miles should be dispensed		

H Scott

H Secy.

Ry Secy

Govr.

No Remarks.

Nil may be approved.

Some queries might be raised as at A. AD 13/10/52

Ry Scott's opinion may be called for

– This is an above matter. May be separately examined AD 13/10/52

agree with the Financial Secretary

The G. M. may kindly examine this

Yes.

AD 13/10/52

Report awaited from Auditor

6)	dispensed with either in D.L.O's office or audit to avoid duplication of work and if the D.L.O's figures are accepted for the audited returns they should be reconciled with those of audit.	Both Auditor and Loco & Carr. Superintedent may come to some arrang ment in the matter.	The Agent may issue instructions accordingly.
	ESTABLISHMENT AUDIT:		
Salary bills. 3,	With a view to remedy the defects in the posting of the register maintained for recordi g the payments authorised for establishment charges and to afford facility for the Audit clerks to check the bills the form and procedure obtaining in the Civil Audit office, should be followed.	In introducing a procedure not obtaining on any other railway what the advantages are and the cost involved are points to be looked into.	This question has been settled Vide G.O.No.Fl. 6267/32 19.35-21 dated 29.3.37.
II Leave Rules	Proposes revision of leave rules in Appendix XIII M.R.C. on the lines of the leave rules in the Departments of Government.	Local Railway rules are based on the M&SM Railway leave rules.	The transferred staff have to be guided by the leave rules as per agreement. The question has to be dropped.
IV Secutiry Deposits	The account should be in future balanced at the end of June instead of March as at present to facilitate easy verification with B.B. Books.	No objection.	Already settled by Government.
	Acceptance of parties should be obtained for Provident fund and secutiry deposit balances.	Acceptance of parties would not relieve Audit of its responsibility to maintain proper accounts.	But the individual depositor's acknowledgment will ensure its correctness and bring errors in accounting, if any, to light.
VI Overtime Allowance.	Overtime allowances paid to Drivers are in several cases more than their pay. They shouldbe audited completely by a qualified accountant posted to Dist. Loco Suptdt's Office, and should be checked with initial records.	Formation of the work-shop Audit Section will introduce better check.	Not sanctioned by Government. The arrangements suggested by me have to be brought into effect.
VII Relieving Allowance.	A circular to send absentee statements noting the substitutes and other particulars to be issued.	To be taken up separately.	The action taken is not noted. The Auditor has been asked to pursue it.
X Fine Fund	A fine Fund does not appear necessary in Mysore as		

Jt Secty.

Jt Secy

Auditor & Loco Supdt may order an arrangement in mutual Consultn.

No remarks.

ADV 13/10/58

Yes

No remarks

Acceptance may be made on as with G.P & Systems.

ADV 13/10/58

This may be appd.

A. Is necessary that the arrangements be made in consultation with the Auditor

ADV 13/10/58

- No remarks.

Rly Secy

I agree with the Financial Secretary.

orders of Govt

	Government will consider all proposals for the benefit of employees and are providing them. In view of heavy balance under this head, future credits to the Fund either fully or partially may be temporarily stopped.	To this Fund, lately the Government of India have ordered that an additonal contribution should be made from Railway Recenues. The fund is now called 'Staff Benefit Fund.' the objects of which have to be enlar ged accordingly with the resumption of the Bangalore Harihar and Yesvantpur Hindupur Sections. The proposalis therefore not acceptable.	The position may now be ordered to be reviewed since the working of the sections has been taken over and the corresponding fund balance has been made over. In financial matters, we ~~are not but~~ are now bound to adopt Govt. of India Rules.
		OLD OPEN LINES.	
Audit of returns received at Mysore.	The M&SM Railway to be addressed to complete some of the works of 1929-30 and 1930-31 which are still outstanding, before resumption and all future estimates for Capital works to be checked to see if they could not be delayed till resumption, if they could be completed before resumption. Works for future junction arrangements to be seen whether they are in the interests of the State.	Does not arise at present.	
Joint Station Agreements.	The a counts of theyear ending March 1934 and March 1935 should be audited and disposed of early and delays on the parts of the Departmental Officers reported to Government.		
	Shunting charges at Bangalore City (Rs. 79,718 for March 1935) are heavy and it requires consideration if this work cannot bedone by Mysore Railways or if a revised or fair method of calculation to reduce cost cannot be adopted.	Most of these stations are now owned and worked by the State.	

Jt Secy

Jt Secy

Ry Secy

Govt

The Ry Board has apparently made this matter to be followed by Ry Companies ~~Ours is~~ Ours is a State Ry. Unless there is anything in the "handing over" Agreement, the Comptl Suggestion in the previous Column may perhaps be appd.

As the formation of a Staff Benefit - Fund for the Mysore State Railway has since been sanctioned, no further action is necessary.

No remarks

I agree with the General Manager.

	Whether the amount of sale of lost property etc. is being c redited to Arsikere, Joint Station account to be verified.		
	The question whether demurrage, w are-house, storage and wharfage charges should not be credited to Joint station Accounts, similar to rent on buildings to be examined and claim preferred in respect of all other agreements also.		
Railways of Local Boards worked by Government. Working exoenses charged to N.C.Railway.	The present method of calculating working expenses at 65% gross earnings to be reviewed with actuals and reports furnished. The question why earnings of N.C.Railway should not be credited to a Deposit head to be examined.	A It is not understood why the accounts of this section should be treated differently from the accounts of Narrow Gauge (2'6") Railway.	Because it is entirely financed by the Dist. Board and not partly by Government and partly by Local Bodies or private ~~estates~~. The review will disclose whether Government have gained or lost anything.
Depreciation Fund for N.C.Railway	A fund account is necessary for at a certain stage the epairs and renewals may be heavy and the Board may not be able to meet the demand.	This is for the District Board to do.	But the Railways work it. Have they suggested it to the Dist.Board? It is also for consideration whether at least the share of the whole renewal charges are borne in the combined working expenses. The Dist.Bd. can be asked to provide separately necessary funds for meeting such charges that may arise later.
Apportionment of charges.	The adequacy or otherwise of the provision at 5% for supply of R.S. and Rs. 47/- per month for telegraphic expenses, to be reviewed.	5% is what is now fixed under the Agreement.	The examination of the adequacy is not barred by the Government.
Bills recoverable from the M&SM Ry.	Bills preferred by the Loco and Carr. Superintendent and otherdepartmental officers against M&SM Railway for services rendered to them are not subjected to local audit or Central audit.	Workshop audit section when formed will have ample chances of scrutiny over these bills.	The position is revived by the non sanction to the formation of the workshop Audit Section.
Fitter for 'H' Type Saloon.	Whether a permanent man on Rs. 40/- per mensem is necessary for all the months and whether his work cannot be arranged by M&SM Railway at a less cost to be investigated.	This is a matter entirely left to M&SM Railway.	

H Sretch.

Ry Secy

Govt.

No remarks

A in 2nd Column may perhaps be appro. — AD 12/07/88

I agree with the Financial Secretary.

The G M may suggest them to the Board. This is an important fund. — AD 12/07/88 -do-

Perhaps we may agree with the Genl. Manager for the present. — subject to his agreement AD 12/07/88 -do-

Proposals other than formation of an Audit Section may be called for from the Auditor at least for a local audit. — The G. M. may submit proposals in consultation with the Auditor for a more efficient check & satisfactory internal audit AD 13/07/88 -do-

No remarks.

Ballast.	A record of original quantity of ballast with cost on each mile or section for each division when the line was first constructed and subsequently additions in quantity and cost to be maintained in Divisions. The limit for maximum quantity of ballast to be got fixed and a monthly material-at-site account in respect of ballast obtained from the Divisions.	The maximum limit of ballast recommended for the line is 8 cft. per footrun. This limit has nowhere been reached or exceeded.	The maximum limit refers to the quantity to be collected in each working season and not to the quantity put into the line for purposes of raising the standard.
(g) Allocation of charges between Capital and Revenue Depreciation Fund.	The agent to be asked to revieww the position of the various assets and give a programme of the cost of renewsals and replacements that may be expected during next 5 years with reference to existing condition of the various assets. The question as to whether the yearly contribution of 5 lakhs now being made is sufficient or not is also to be examined. While in the Government of India only the Depreciation Fund is debited only when an entire unit is replaced, in Mysore, entire renewals and also heavy repairs are charged to the fund with the result that a larger contribution has become necessary. The opinion of the Agent in the matter is to be obtained.	Under the existing rules of allocation the property is supposed to be maintained in good state of repair. Renewals taken up annually are mostly of parts and occassionally of whole units of rolling stock and permanent way. The Government of India procedure is inapplicable to Mysore Railways as the allocation of charges between Capital and Revenue are not based on Depreciation Fund Rules. The unit basis of contribution has also since been discarded in British India.	The question has been separately taken up and decided.
(i) Rail-motors.	A list of rolling stock, machinery, siding etc. which are not required by the Railway to be prepared and reported by Agent to Government and periodically(once a year) reviewed with a view to arrange for their disposal or utilisation. The Auditor to be supplied with a list.	Sanctions to periodical condemnation of stock obtained and copies of sanctions sent to Auditor.	
(j) Assisted Sidings.	In the case of siding for coffee Curing Factory proper agreement to be gotexecuted by them incorporating therein the payment of annual interest and maintenance charges on the cost of siding borne by Railways and also siding charges for achwagon.	Agreement under execution.	

H. Scott.

Mr. Comptr's suggestion on Column 2 is reasonable, and the Gl. Manager may be requested to examine it & Report to Govt.

H Secy.

Ry Secy.

The General Manager will be asked to examine.

Agreement since execut-ed and ratified by Government.

OPEN LINE CAPITAL EXPENDITURE.

II (a) Expenditure over and below Rs. 18 lakhs.	The rules regarding expenditure over and below Rs. 18 lakhs to be got suitably revised and the money limit of Rs. 18 lakhs fixed at 2 or 3 lakhs for cases where project estimates had to be got sanctioned before expenditure is incurred. This will enable Government to to review financial effects of the project for a smaller amount as a whole.	Proposals for revision of the existing rules awaited.	Proposals have been called for from the Auditor.
(b) Works Register	The works register maintained in the Audit office should be by subworks and the audit of expenditure should be against the subworks and not against the aggregate provision for the work or scheme. C.S.No. 43 dated 23-5-31 to be cancelled immediately.	The Auditor who raised this question has been answered in this office No. 1928 dated 26-8-37.	No information is available. A copy of the letter has not been placed in the file.
(c) Work charged establishment and special sanctions.	The form of the works register to be improved to admit of audit against work charged establishment and special sanctions as in parts III and IV of the Work Audit Register in the Civil Department for auditing P.W. Expenditure.	Object not understood. On receipt of detailed report the question will be examined.	This is the normal procedure to be followed in Audit Offices for checking special items in works outlay.
(d) Divisional Accountants.	Divisional Accountants o be posted to Divisions to arrange for prompt submission of returns Accounts etc. and assist the Executive Engineers in all account matters.	Accountsants have since been posted.	
(e) Materials at site.	The opening balance of the returns which are being received only recently should be checked with regard to its correctness and instructions in paras 630 and 631 of Government Examiner's Manual to be incorporated in Mysore Railway Code Vol. II.	To be kindly taken up by the audit separately	
(f) Ballast Accounts.	Rules in paras 593 to 596 of M.R.C. Vo.. I to be made applicable to open lines also and a certificate of this balance and report of results of verification obtained atleast once a year from Executive Engineers.	There are no ballast Depots to apply the construction Rules on Open Lines.	Periodical verification by executive officers is quite necessary and cannot be permitted to be dispensed with as there is no separate administrative verification of quantities.

H Sec'y. P'S Secy Ry Secy: Chancellor.

may be awaited - Separately. — ADA 13/10/88

The G M may please H/ requested to send up the report to Comptr in this matter. — The Chancellor should take advice further with in consultation with Comptroller ADA 13.10.88

Mr G M may be requested to Come to a Conclusion in Consultation with the Auditor & Comptr

— No remarks.

Auditor M. S. R may please H/ requested to take the necy action.

ADA 13/10/88

I agree with the Financial Secretary.

Mr Comptr's suggestion in Column 2 may be appd. — ADA 13/10/88

Test check of invoices for October 1935.	The practice of charging Rs. 8/- for a wagon load of sugarcane of 10 tons at 12 as. per ton and refunding subsequently annas 8 to the Sugar Company to be stopped, and stations advised about correct procedure.	Instances if reported will be examined.	Auditor has been requested to report cases to the Agent.
Invoice no. 11 of 18th Oct. 35 ex. Arsikere to Mysore.	Why the consignment was booked at R.R. in spite of the remark that it is liable to damage by wet and and whether the compensation of 2-4-0 paid by the Traffic Manager is in order to be further enquired into.	Ex ract sent to Traffic Manager to furnish an answer.	Reply of the Traffic Manager is not available.
Error sheets.	Error sheets for less than 4 as. need not be issued with the approval of Government unless the error is recurring and disclosed a seriousdefect in the working of the station.	Acceptable.	

EXPENDITURE SECTION.

I. Construction Accounts. A.S.Ry. Construction. (a) Indirect charges.	Provision for indirect charges such as salaries of Agent, Engineer-in-chief, Auditor, Chief Store-keeper and of their offices and of the Medical Officer of the Railway to be made and adjusted as per para 456 of M.R.C.Vol. I	There is no provision for this in the Estimate sanctioned by Government.	A general arrangement for levy of percentage is necessary.
	The Audit percentage of one pecent is arbitrary and inadequate, it should be got revised.	This has been examined so often and settled.	
(b) Stores Accounts.	Balance of Rs. 4,250-14-0 outstanding to be adjusted early. Similarly articles of N.C. Railway which are in the custody of C.S.K. reference to Government is necessary in these cases.	Some of these have been disposed off in recent Special auction.	
(c) Deposits.	Rs. 209-=4-0 may be adjusted by credit to Sundries as it is outstanding for over 3 years.	May be done.	
(d) Miscellaneous Advances.	Freight charges of Rs. 23/- to be recovered from contractor Devaraja mudaliar to be arranged early.	Since adjusted by the Auditor.	

H. Scott

No remarks

H Secy

Complt may perhaps remind the C.R.
Sept. Small matter for Govt perhaps. — To small matter
Gordon Hewart

Ry Secy. Govt.

No remarks.

I agree with the Financial Secretary.

No remarks.

Gordon Hewart

GOODS SECTION.

Lost and unclaimed property.	In the case of sale of lost and unclaimed property, the application of rule 21(iv) of Conference Rules, Part II is not being made whenever sale proceeds fall short of the freight due by not less than Rs. 10/-	There have been instances in which the Traffic Department has taken action.	The specific instances have not been mentioned and whether such cases are a large majority is also not mentioned.
Weights Register	The question of suggesting a rule on the lines of rule 17 in page 192 of B.N.Ry. goods Tariff Part I, in the Mysore Railways Goods Tariff is to be taken up again to prevent losses on account of under-weights recorded by forwarding stations.	This is impracticable. The Auditor who had taken up the question has been replied to, vide this office letter No. 10345 dated 23-6-37.	How it is impracticable is not clear. What is practicable in other railways should at least be partially practicable to us particularly when such underweight results in loss of revenue.
Oil sliding at Mysore.	Whether the sum of Rs. 2/- per four wheeled wagon levied on wages shunted to the sliding includes the interest and maintenance charges on the Capital cost of the siding, is to be verified.	This does not arise in the case of a Railway sidings.	Whether they cover all items of expenditure and whether the railway is put to loss by the siding is not made clear in the Agent's remarks.
Rate lists.	The manuscript rate lists may be got printed.	Printed.	
Tariff rates.	The grant of concessional rates by the Agent for coaching goods to be reviewed with reference to volume of traffic before and after the grant of onncession and a report of the financial effect made to Government.	Reduction in rates does not always depend on financial considerations but on factors of competition and what the traffic can actually bear.	Financial considerations cannot be entirely ignored even in such cases.
Issue of free invoices.	No action is being taken on statement of free invoices issued by stations sent to Traffic Manager. They may be included in Audit and Appropriation Report(1934-35.174 and 1935-36,126)	Traffic Manager does take action but no report is being sent to audit.	The definite instances of action taken on the statement may be called for.
Timber handling bills.	The rates for handling charges paid to Station Masters Bangalore City and Arsikere were fixed long ago. Whether they do not require revision and if tenders could not be called for for the work, and the lowest tender accepted, require consideration.	It is considered best to entrust the handling work to the station staff so as to to prevent outsiders having access to Railway property	(Probably Mr Crombie has nothing to say).

No remarks

The G. R. may therefore be requested to examine this question, particularly as it is stated that it is probable loss of revenue. AD 13/10/52

I agree with the Financial Secretary.

This point will be asked to be made clear by the Gl. Manager AD 13/10/52

-do-

No remarks.

" -do- AD 17/10/52

-do-

R. S. App. F VI—G 2]

SUBJECT .....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193* .

Date of issue ..... 7.3 .....193 5 .

Signed by .....

May this be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the press?

(vi) published in the Gazette, Kannada Part ?

Issue
MR 7/12

Section G.A.

File No. 97. 36

Serial No. 4

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read—

Letter No. 367/Bii
dy 15.x.36 from the Comptr
forwarding his report on
the inspection of the Railway
Audit Office.

2. Note No. H.0126 dy 22.2.38 from
the Gl. Manager, M.S.R furnishing
his remarks on the points raised in
Order thereon.—No. the report—
H. 5820-2
97:

Board have perused the
report with interest.

As stated by the Comptr, this
is the 3rd inspection of its
kind, the last two inspections
having
been conducted in 1922 and 1932.
It is desirable that the inspection

is made at shorter intervals
& regularly, as observed by the
Comptr himself in para 4 &
11 of the Covering letter. This
should now be possible as
the Comptr has since been given
the assistance of an Accountant
for inspection work.

The Ry Audit office was also
got inspected by the Govt of
India Accountant, and Govt
note that action has been taking
separately taken on the various reports
Whereas ~~orders~~ given by the
Govt have since issued orders
placing an officer on special duty
for attending to the revision of
the Ry Codes etc.

The Comptr states that he has
himself issued instructions to the
Comptr Auditor, on matters requiring
attention in the work of the office
under several heads.

List of Enclosures

Copied by

Examined by

Govt. direct that further action may also be taken in regard to certain other points mentioned

WD 0279—GPB—22,500—14-4.38

Order on ~~Certain Other Points~~

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

~~Appendix~~

Ticket Checking.

Paras of the Report I c.

d.

Compare II

WD 0522—GPB—7,500—16 2.37

is required to take necessary action.

VIII Contractor of Rs Legal cost Agency bearing a percentage Charge towards the P.F. Contribution and leave salary of the clerk lent by the Railway; the Genl. Manager's report of examination of the question is awaited.

IX ~~Sending~~ Sending detailed accounts of auction sales showing bids offered & accepted ~~should be~~ for being Checked by Audit: Arrangement should be made for sending detailed such accounts in future.

XIII 6. The Auditor is requested to ~~take action to take~~ action taken to submit a Report ~~on~~ Rent Police 3234 Arms from private persons; ~~with reasons~~ the result & reasons for the accumulation.

"hut-go" Statements of D.T.S's: Monthly statements may be obtained from the D.T.S. & Surveyor ~~Some sort of Review~~ by the T.M.

~~of such Statements, to be obtained every month from the D.T.S's is~~ ~~the desirable as the Revenue returns~~ of the Railway & may be arranged for.

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

5

Defining the powers of ~~Inter change~~ the G.M. in regard to Hiring of Rolling Stock ~~of Rys by~~ the Comb. Rlys ~~Govt~~ may examine this question carefully on his behalf to be defined in the light of present conditions, ~~and also an examination of the~~ ~~used for hiring Vehicles~~

Is it necessary to define powers of G.M.? Perhaps not

This is an administrative matter and is referred for Consideration by Govt in the Rly Dept separately.

~~Interchange~~ Interchange of rolling stock from Dec 1934 to Nov. 1935 ~~is~~ being always in favour of M.S.M.R. The G.M. is requested to examine the matter & submit a report.

Receipts from the Postal Dept towards interest ~~on Capital account~~ and lightning charges in the postal Vans: The Settlement of this question should be expedited - if still pending

~~Prop~~ Charging the South Indian Chamber of Commerce & the Auditor periodically for the Statistics supplied to them: The ~~Report~~ called for from the Auditor in the matter should be expedited

Calculation of train miles: As suggested

by the G. M, the Loco & Carr Supdt
and the Auditor should, in Mutual
Consultation, come to an arrangement
by which the present duplication of
work may be avoided.

Establishment Audit.

VI Acceptance by parties should be
obtained for P. F and Security Deposit
balances: of this Individual acceptance of such balances is
necessary and may be
arranged for.

VI Audit of overtime allowances
paid to Drivers by a qualified Accountant posted to the District Loco Office
and the Check thereof with individual
records: This is necessary. and may be
arranged for by the Dist Manager
in Consultation with the Auditor.

Old Open Lines.

Railways working expenses of Railways of Local Boards worked by Govt:
Govt agree with the Committee that the
present method of Calculating working
expenses at 65 % of the gross earnings
should be reviewed with actuals
and if Reports submitted: It may also
be examined whether the earnings of
the N. C. Ry may should not be credited to a

Deposit head.

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

Depreciation Fund for N. E. Ry: ~~Scale of Fund & Contribution~~ This is an important matter and the Gl. Manager is requested to suggest his proposals to the Dt. Board.

Bills ~~recoverable from~~ preferred against N. & S. E. Ry. for services rendered, being subjected to local audit or Central Audit. This is an important matter & should be arranged for, as independently of the formation of ~~Observance Rules by the Committee~~ Workshop Audit Section. ~~of Workshop Audit Section~~

The Gen. Manager is requested to submit proposals in consultation with the Auditor, Calcutta to provide for a more efficient check, both Departmental and Central Audit.

Goods Section

Weights Register - The question of adoption of a scale on the basis of that of the B. N. Ry Goods Tariff (), to prevent losses on account of underweights. ~~This question~~

may be examined by the General Manager and a report submitted.

~~Directors provide keys of Income and the Gl. Manager is deputed to examine the suggestion & make a report~~ Comptr

~~Civil Statistics~~

Charge of Rs. 2/- per shunting a Kerosene oil wagon to the Siding at Mysore: there is a new siding provided for the ~~Travancore~~ G.N. Railway. The Agent is requested to examine and make a clear report as to whether all the items of expenditure including the interest on the Capital Cost of the siding and maintenance charges are covered by the levy, and whether the Railway is not party to any loss.

Open line Capital Expdre.

II Cap Expenditure over & below Rs. 18 lakhs:

Proposals for revision of the rules in this behalf are awaited from the Auditor.

6. Works Register and its maintenance in the Audit office by Sub-Works, Cancellation of C.S. No 43 of 23.5.31.

The Auditor ~~is requested~~ will take necessary further action in the matter in consultation with the Comptr.

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

II C. Work Charged Estt and Special Sanctions:
The form of the works Register should be improved to provide for the normal procedure followed in Audit Offices for checking special items in Works outlay. The G. M is requested to ~~arrange~~ discuss the matter at a Conference in Conjunction with the Auditor & Comptr. & Comptr arrive at an understanding

e). Materials at Site, Incorporation in the M.R.C of the instructions in Paras 630 & 631 of the Govt. Examiners manual:
Now that the work of the various offices of the Cadre is on hand, the Auditor is requested to take the necessary action.

f. Ballast Accounts:- There is no separate administrative verification of quantities, and a periodical verification by Executive officers is therefore necessary. Govt approve of the Comptr's

WD 0522—GPB—7,500—16.2.37

suggestions to make the rules in
paras 593 & 596 of P.R.C.
Vol I applicable to Open lines also, and
obtain at least once a year
from the Executive Engineers a
certificate of balance & report
of results of verification:
Ballast. Maintenance of Record
& fixation of a maximum limit:
The maximum limit of 8 c.ft per foot run mentioned
in G.M refers to the quantity to be
collected in each working season
and not to the quantity permitted
the limit for purposes of varying
the standard. The Gang mayan
is required to further examine the
Committee suggestion and make a report.

III. Workshops - a, b, c:
Manager
The General is required to examine the
Committee suggestions, a, b & c, and
submit a report.

d. Capital & Revenue Budget with
further details to be prepared for the Workshops each year.
It is desirable to prepare
to provide for proper estimating

+ better Control over the cutturn of special works undertaken in Shops and Capital works + other items involving manufacture of spares for service purposes. Otherwise, the assumption of a nil balance could involve the overlooking of work in process in accounts. Grant an interim Power to approve of the ~~adoption of the~~ Controller's suggestion being tried for two years to begin with. A report may be made at the end of the period.

g. Stores Charges. Debiting to various Capital & Construction jobs in Workshops a percentage charge to cover incidental charges for supervision, storage, etc + P. F. + Gratuity of the Store Staff. The Open Line Staff directly supervise such items of work which are not under the administrative Control of the Stores Office, the

The principle referred to by the General Managers ~~that~~ that no charge for supervision should be made to Open Line Capital Works does not apply ~~to the~~ in cases where

W.P. 0522 GPB—7,500—16-2-37

~~Govt. Manager's remarks does~~
~~not need the Comptr's suggestion~~
~~with~~ The Govt. Manager is requested
further to examine the suggestion of the Comptroller
& Report to Govt.

h. Return of unused materials - Special
mention of the balances under "Surplus
Stores": The Auditor is requested
to take up this question separately

Comment Audit Control

Govt have not sanctioned the formation
of a separate workshop Audit Section.
The Comptr's proposals
~~suggestions~~ for the avoidance of
the present duplication of work is have
~~have~~ therefore to be considered.
~~has been under consideration~~

The G. M is ~~to~~ requested to
give effect to the suggestions in
consultation with the Auditor.

Foreign Railway Repairs.

Only recoverable Charges ~~may~~ should
be debited to the Misc. Advances Account.

New Minor Works. Treating ~~Heating~~
Convenience as a "fitting":

For purposes of

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

levy of rent,
~~Calculating Rs. Cost basis~~, the
buildings should be treated as
Capital equipment. It should
not however be actually debited
to the Capital head, but
included in the Capital Cost
of the buildings.

Residential Buildings.

Sub mission every year, by the Audit,
of a Cap & Rev Account as in Civil
Dept. along with general C & R
a/cs, as an Appendix to Accounts
~~Stats~~ the comptroller's suggestion
may be adopted, as
this is understood to be
the practice in all State
Managed Rys ~~according to the~~
~~Ry Boards rules~~.

Rest Houses & Retiring rooms. Rents

of Rent from Ry Officers for
occupying these & watchmen
Rent recovered through a D.C.B
Register. This suggestion may
be pursued further by the Auditor & the
Genl Manager.

WD 0522 GPB—7,500—16-2 37

'Not for audit purposes'. Great
approves of the suggested deletion
of these words from Cos. Rs
appendices B, C, F, G. I. J. K
Q. R. S, & W in the Resolution
rules.

II"d. Stores Audit Section

Annual Balances taken by Stock
is an important record, and there
can be no exception in favour
of one District ~~from~~ in regard to the submission of this return.
Great endorses the Comptr's observations
which should be promptly attended to. ~~without~~
~~further delay.~~

IV 6. iv Stock verification of Engineering
imprests, of P. W. materials ~~are~~ in two Circles
Great Comptr. had an annual
stock verification of these materials
lying at various places is
quite necessary and that it should
be done by some responsible
Gazetted Officer of the Dept.
Hon. Min will not ~~add much~~ involve much additional
~~to his work~~ work and may be arranged for.

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

IV c. Stock verification by departmental officers

A Certificate of stock verification once a year or at any other interval should be furnished by the Gazetted Officers to Audit. They should also attach the Stock Verification Report in token of their having done the percentage check of work done ~~the reports furnished~~ by the P.W. Disputas and Stock Verifier.

The balance return of Stores furnished By the Chief Store keeper's office should be got attested by the Ch. Store keeper in token of the Department accepting the Correctness of the Count done by the Stock-Verifier, who is a Non-Gazetted officer.

V(a) i. Issue of Stores. Carbon copies of vouchers may be taken and sent to Audit also in support of issues. The local

WD 0522 GPB—7,500—16-2 37

Audit should be required to cover
the transactions of
verify of all the months' ~~transactions~~

Consumption of Coal: The G. M. is
requested to arrange for a percentage
higher
by administration appro
review ~~of~~ of the issues of Coal
to Engines by the ~~Divisional~~ local Officers.

Purchase of non-stock Articles.
Obtaining quotations: ~~by Divisional Officers~~. The G.M.
is requested to consider the Comptr's
suggestion.

Excesses over grants under Pay-
Charges of Staff: The G.M.
may obtain a report from the
Auditor on the excesses and have
them regularised by Competent sanction wherever necessary
904, 908, 924 etc etc
XI. Codes. Paras 901 & M.R.C. Vol I, referred to by the Comptr.
Revision of these paras may
be considered in connection with
the Code Revision work ~~now on hand~~. What is has been taken up
separately

AD 20.2.37

CPO 16/2 — Secy.

To the Comptr
Auditor, My State Rly.
G. Manager. —do—
Copy to Secy Audit with the Secy
re two paras.

Secy MA
8/2/37

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE.

Read -

Letter No.367/B~~II~~ II dated 15th October 1936 from the Comptroller forwarding his report on the inspection of the Railway Audit Office.

2. Note No.U.O.126 dated 22nd February 1938 from the General Manager, Mysore State Railway furnishing his remarks on the points raised in the report.

Order No. ಪ್ರ. ಸಚಿವ ೨೨ . ೨೨-೩೬-೨

Dated, Bangalore, 28th ~~February~~ March 1939.

Government have perused the report with interest.

As stated by the Comptroller, this is the third inspection of its kind, the last two inspections having been conducted in 1922 and 1932. It is desirable that inspection is made at shorter intervals and regularly, as observed by the Comptroller himself in para 4 ii of the covering letter. This should now be possible as the Comptroller has since been given the assistance of an Accountant for inspection work.

The Railway Audit Office was also got inspected by the Government of India Accountant, and Government note that action has been or is being separately taken wherever necessary on the notes given by him. Government have since issued orders placing an officer on special duty for attending to the revision of the Railway Codes etc.,

The Comptroller states that he has himself issued instructions to the Auditor, on matters requiring attention in the work of the office under several heads.

Government direct that further action may also be taken in regard to certain other points mentioned in the report on the lines indicated below:-

I. Ticket checking. Issue of instructions for a more complete verification of paper tickets by Ticket Collectors at junctions, noting the percentage.

The General Manager is requested to take suitable action.

Noting the number of the Trains on Tickets issued:— In the revenue interests of the Railway, the Comptroller's suggestion may be tried in the first instance in the three important stations of Bangalore, Mandya and Mysore.

II. Returns of blank card and paper tickets checked by Travelling Ticket Examiners, their regular receipt every month for check with classification and Division Sheets.

The General Manager is requested to take necessary action.

VIII Contractor of Kollegal out Agency bearing a percentage charge towards the Provident Fund Contribution and leave salary of the clerk lent by the Railway;— The General Manger's report of examination of the question is awaited.

IX Sending detailed accounts of auction sales showing bids offered and accepted ~~should be received~~ for being checked by Audit:— Arrangements should be made for sending detailed accounts in future.

XIII Rent of Rs.3,234 due from private persons: The Auditor is requested to submit a report regarding action taken to realise the rent and reasons for the accumulation.

"Let-go" statements of District Traffic Superintendents: Monthly statements may be obtained from the District Traffic Superintendents and reviewed by the Traffic Manager.

Defining the powers of the General Manager in regard to Hiring of Rolling Stock;

This is an administrative matter and is reserved for consideration by Government in the Railway Department separately.

Interchange of rolling stock from December 1934 to November 1935 being always in favour of M.S.M:— The General Manager is requested to examine the matter.

Recovery from the Postal Department towards interest and lighting charges in the postal vans:— The settlement of this question should be expedited - if still pending.

Charging the South Indian Chamber of Commerce and the Geological Department for ~~xxx~~statistics periodically supplied to them The Report called for from the Auditor in the matter should be expedited.

Miles.

Calculation of train ~~rules~~: -As suggested by the General Manager, the Loco and Carr Superintendent and the Auditor should in mutual consultation come to an arrangement by which the present duplication of work may be avoided.

Establishment Audit:

Acceptance by parties of their provident fund and Security Deposit balances:- Individual acceptance of such balances is necessary and may be arranged for.

Audit of overtime allowances paid to Drivers by a qualified Accountant posted to the District Loco office and the check thereof with initial records: This is necessary and may be arranged for by the General Manager in consulation with the Auditor.

Old open lines.

Working expenses of Railways of Local Boards worked by Government: -Government agree with the Comptroller that the present method of calculating working expenses at 65 per cent of the gross earnings should be reviewed with actuals and reports submitted. It may also be examined whether the earnings of the N.C. Railway may not be credited to a Deposit head.

Depreciation Fund for N.C.Railway: This is an important Fund and the General Manager is requested to suggest the question to the District Board.

Bills preferred against M & S.M. Railway for services rendered, being subjected to local audit or Central Audit: This is an important matter and should be arranged for, independently of the formation of Workshop Audit Section.—The General Manager is requested to submit proposals in consultation with the Auditor, calculated to provide for a more efficient check, both Departmental and Central Audit.

Goods Section.

Weights Register - The question of adoption of a rule on the lines of that of the B.N.Railway Goods Tariff to prevent losses on account of underweights, may be examined by the General Manager and a report submitted.

Charge of Rs.2/- levied for shunting a kerosene waggon to the

Oil Siding at Mysore: —The General Manager is requested to examine and make a clear report as to whether all the items of expenditure - including the interest on the capital cost of the siding and maintenance charge are covered by the levy, and whether the Railway is put to any loss.

Open line Capital Expenditure.

(a) Expenditure over and below Rs.18 lakhs: Proposals for revision of the rules in the behalf are awaited from the Auditor.

(b) Works Registers and its maintenance in the Audit office by Sub-Works, Cancellation of C.S.No.43 dated 23rd May 1931:

The Auditor will take necessary further action in the matter in consultation with the Comptroller.

(c) Work Charged Establishment and Special Sanctions:

The form of the works Register should be improved to provide for the normal procedure followed in Audit offices for checking special items in works outlay. The General Manager is requested to discuss the matter with the Auditor and Comptroller and come to an understanding.

Materials at Site, Incorporation in the M.R.C. of the instructions in Paras 630 and 631 of the Government Examiners' Manual: Now that the work of the revision of the codes is on hand, the Auditor is requested to take the necessary action.

Ballast Accounts: There is no separate administrative verification of quantities and a periodical verification by Executive officers is therefore necessary. Government approve of the Comptroller's suggestion to make the rules in paras 593 to 596 of M.R.C. Vol. I applicable to open lines also, and obtain at least once a year from the Executive Engineers a certificate of balance and report of results of verification.

Ballast Maintenance of Record and fixation of a maximum limit: The maximum limit of 8 C.Ft. per foot run mentioned by the General Manager refers to the quantity to be collected in each working season and not to the quantity put into the line for purposes of raising the standard. The General Manager is requested to further examine the Comptroller's suggestion and make a report.

Workshops.

The General Manager is requested to examine the Comptroller's suggestions, a, b, & c and submit a report.

d. Capital and Revenue Budget with fuller details to be prepared for workshops each year.—It is desirable to provide for proper estimating and better control over the outturn of special works undertaken in shops and capital works and other items working manufacture of spares for service purposes. Otherwise, the assumption of a nil balance will involve the overlooking of work in process in accounts. Government are therefore pleased to approve of the Comptroller's suggestion being tried for two years to begin with. A report may be submitted at the end of the period.

j. Stores Charges. Debiting to various capital and construction jobs in workshops a percentage charge to cover incidental charges fpr supervision, storage, etc., and Provident Fund and gratuity of the Stores Staff:—The principle referred to by the General Manager that no charge for supervision should be made to open line capital works does not apply in cases where the open line staff directly supervise such items of work which are not under the administrative control of the Stores Office. The General Manager is requested further to examine the suggestion of the Comptroller and report to Government.

k. Return of unused materials- Special review of the balances under "Surplus Stores":—The Auditor is requested to take up this question separately.

Government Audit control.

Government have not sanctioned the formation of a separate workshop Audit Section. The Comptroller's proposals for the avoidance of the present duplication of work have therefore to be considered. The General Manager is requested to give effect to the suggestions in consultation with the Auditor.

Foreign Railway Repairs.

Only recoverable charges should be debited to the Miscellaneous Advance Account.

New Minor Works. Treating 'Heating Circuit' as a fitting'

For purposes of levy of rent, the fitting should be treated as capital equipment. It should not however be actually debited to the capital head, but included in the capital cost of the building.

Residential Buildings

Submission every year, by the Auditor of a Capital and Revenue Account, as in Civil Department, along with General Capital and Revenue accounts as an Appendix thereto:- The Comptroller's suggestion may be adopted as this is understood to be the practice in all State managed Railways.

Rest Houses and Retiring rooms. Recovery of rent from Railway officers for occupying these, and watching these recoveries through a D.C.B. Registers.- This suggestion may be pursued further by the Auditor and the General Manager.

'Not for audit purposes'- Government approve of the suggested deletion of these words from the appendices B,C,F,G,I,J,K,Q,R.S, & W in the Automobile ~~rules~~. Rolls.

Stores Audit Section - Annual Balance Return of stock is an important record, and there can be no exception in favour of one District in regard to the submission of this return. Government endorse the Comptroller's observations which should be promptly attended to.

iv & iv Stock verification of Engineering imprests of P.W. materials ~~over~~ once in two years: Government consider that an annual stock verification of loose materials lying at various places is quite necessary and that it should be done by some responsible Gazetted Officer of the Department. This will not involve much additional work and may be arranged for.

IV c. Stock verification by Departmental officers.

A certificate of stock verification once a year or at any other interval should be furnished by the Gazetted officers to Audit. They should also attest.. the stock verification report in token of their having done the percentage check of work done by the ~~Public Works~~ Railway Inspectors and Stock Verifier:

The balance return of Stores furnished by the Chief Store Keeper's office should be got attested by the Chief Store Keeper in

token of the Department accepting the correctness of the Count done by the Stock-verifier, who is a non-Gazetted officer.

Issue of Stores - Carbon copies of vouchers may be taken and sent to Audit also in support of issues. The local Audit should be required to cover review of the transactions of all the months.

Consumption of coal: The General Manager is requested to arrange for a percentage review by higher administrative officers of the issues of coal to Engines by the local officers.

Purchase of non-stock articles, by obtaining quotations: The General Manager is requested to consider the Comptroller's suggestion.

Excesses over grants under purchases of stores: The General Manager may obtain a report from the Auditor on the excesses and have them regularised by competent sanction wherever necessary.

XI Codes - Paras 901, 904, 908, 924 etc., etc., M.R.C. Vol.I referred to by the Comptroller.

Revision of these paras may be considered in connection with the Code Revision work that has been taken up separately.

G. D'Souza

Financial Secretary to Government.

To

The Comptroller to Government,
The Auditor, Mysore State Railway,
The General Manager, Mysore State Railway.

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE.

Read :-

1. Letter No.367/Bill dated 15th October 1936 from the Comptroller forwarding his report on the inspection of the Railway Audit Office.

2. Note No.U.J.126 dated 22nd February 1938 from the General Manager, Mysore State Railway furnishing his remarks on the points raised in the report.

Order No. FD 5820-22 87 37-36-2

Dated, Bangalore, 27th March 1939.

Government have perused the report with interest.

As stated by the Comptroller, this is the third inspection of its kind, the last two inspections having been conducted in 1922 and 1932. It is desirable that inspection is made at shorter intervals and regularly, as observed by the Comptroller himself in para 4 ii of the covering letter. This should now be possible as the Comptroller has since been given the assistance of an Accountant for inspection work.

The Railway Audit Office was also got inspected by the Government of India Accountant, and Government note that action has been or is being separately taken wherever necessary on the notes given by him. Government have since issued orders placing an officer on special duty for attending to the revision of the Railway Codes etc.,

The Comptroller states that he has himself issued instructions to the Auditor, on matters requiring attention in the work of the office under several heads.

Government direct that further action may also be taken in regard to certain other points mentioned in the report on the lines indicated below:-

I. Ticket checking. Issue of instructions for a more complete verification of paper tickets by Ticket Collectors at junctions, noting the percentage.

The General Manager is requested to take suitable action.

the number of the Wire on Tickets issued: In the revenue interests of the Railway, the Controller's duplication may be tried in the first instance in the three important stations of Bangalore, Mangalore and Hubli.

II. Returns of blank card and paper tickets checked by Travelling Ticket Examiners their regular receipt every month for checks with classification and division sheets.

The General Manager is requested to take necessary action.

Contractor of Railway Canteens bearing a percentage share towards the Provident Fund Contribution and leave salary of the clerk lent by the Railway: The General Manager's report of examination of the question is awaited.

Pending detailed accounts of auction sales showing bids offered and accepted ~~should be received~~ for being checked by Audit: Arrangements should be made for pending detailed accounts in future.

Rent of Rs.3,234 due from private persons: The Auditor is requested to submit a report regarding action taken to realise the rent and reasons for the accumulation.

"Let-go" statements of District Traffic Superintendents: Monthly statements may be obtained from the District Traffic Superintendents and reviewed by the Traffic Manager.

Defining the powers of the General Manager in regard to Hiring of Rolling Stock:

This is an administrative matter and is reserved for consideration by Government in the Railway Department separately.

Interchange of rolling stock from December 1934 to November 1935 being always in favour of M.S.M: The General Manager is requested to examine the matter.

Recovery from the Postal Department towards interest and lighting charges in the postal vans: The settlement of this question should be expedited - if still pending.

Charging the South Indian Chamber of Commerce and the Hydrological Department for substatistics periodically supplied to them: The report called for from the Auditor in the matter should be expedited.

Miles

Calculation of train rules: As suggested by the General Manager, the Loco and Carr Superintendent and the Auditor should in mutual consultation come to an arrangement by which the present duplication of work may be avoided.

Establishment Audit:

Acceptance by parties of their provident fund and security deposit balances: Individual acceptance of such balances is necessary and may be arranged for.

Audit of overtime allowances paid to drivers by a qualified Accountant posted to the District Loco office and the check thereof with initial records: This is necessary and may be arranged for by the General Manager in consulation with the Auditor.

Old open lines.

Working expenses of Railways of Local Boards worked by Government: Government agree with the Comptroller that the present method of calculating working expenses at 65 per cent of the gross earnings should be reviewed with actuals and reports submitted. It may also be examined whether the earnings of the M.G. Railway may not be credited to a Deposit Item.

Depreciation Fund for M.G.Railway: This is an important Fund and the General Manager is requested to suggest the question to the District Board.

Bills preferred against N.B.S.R. Railway for services rendered, bein subjected to local audit or Central Audit: This is an important matter and should be arranged for, independently of the formation of Workshop Audit Section. The General Manager is requested to submit proposals in consultation with the Auditor, calculated to provide for a more efficient check, both departmental and Central Audit.

Goods Section.

Weights Register - The question of adoption of a rule on the lines of that of the S.I.Railway Goods Tariff to prevent losses on account of underweights, may be examined by the General Manager and a report submitted.

Charge of Rs.2/- levied for shunting a kerosene wagon to the

Working at Mysore: The General Manager is requested to examine and make a clear report as to whether all the items of expenditure - including the interest on the capital cost of the Working and maintenance charges are covered by the levy, and whether the railway is put to any loss.

Open line capital expenditure.

(a) Expenditure over and below Rs.18 lakhs: Proposals for revision of the rules in the behalf are awaited from the Auditor.

(b) Works register and its maintenance in the Audit office of Works, Recapitulation of A.G.'s No.43 dated 2nd May 1931:

The Auditor will take necessary further action in the matter in consultation with the Comptroller.

(c) Work charged establishment and Special Sanctions:

The proforma of the works register should be improved to provide for the normal procedure followed in Audit offices for checking special items in works outlay. The General Manager is requested to discuss the matter with the Auditor and Comptroller and come to an understanding.

Materials and Bills, Incorporation in the P.W.C. of the instructions in Paras 630 and 631 of the Government Engineers' Manual: Now that the work of the revision of the Codes is on hand, the Auditor is requested to take the necessary action.

Ballast accounts: There is no separate administrative verification of quantities and a periodical verification by executive officers is therefore necessary. Government approve of the Comptroller's suggestion to make the rules in paras 593 to 596 of P.W.C. Vol. I applicable to open lines also, and obtain at least once a year from the Executive Engineers a certificate of balance and report of results of verification.

Ballast Maintenance of record and fixation of a maximum limit: The maximum limit of 3 C.F.T. per foot run mentioned by the General Manager refers to the quantity to be collected in each working season and not to the quantity put into the line for purposes of raising the standard. The General Manager is requested to further examine the Comptroller's suggestion and make a report.

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for purposes levy of rent, the fitting should be treated as
pital equipment. It should not however be actually debited to the
pital head, but included in the capital cost of the building.

Residential Buildings

Submission every year, by the Auditor of a capital and revenue account, as in Civil Department, also with General Capital and Revenue accounts as an Appendix thereto: The Comptroller's suggestion may be adopted as this is understood to be the practice in all other Departments.

Rent Recovery Clerk rooms. Recovery of rent from Railway officers for occupying, using and retaining these recoveries through Revenue Registers. This suggestion may be pursued further by the Auditor and the General Manager.

'Not for audit purposes'- Government approve of the suggested deletion of these words from the Appendices to B.J.P., I.J.h. Rules, and in the Authorisation Rolls. rules.

Stores Audit Section - Annual Balance Return of stock is an important record, and there can be no exception in favour of one District in regard to the submission of this return. Government endorse the Comptroller's observations which should be promptly attended to.

iv - iv Stock verification of remaining impress of P.W. materials once in two years: Government consider that an annual stock verification of loose materials lying at various places is quite necessary and that it should be done by some responsible Gazetted Officer of the Department. This will not involve much additional work as may be urged for.

iv a. Stock verification by Departmental officers.

A certificate of stock verification once a year or at any other interval should be furnished by the Gazetted officers to whom they should also attach the stock verification report in token of their having done the personal check of work done by the Public Works Inspectors and Stock Verifiers.

The balance return of Store

to of the Department accepting the correctness of the Count ... by the stock-verifier, who is a non-Gazetted officer.

Issue of stores:- Carbon copies of vouchers may be taken and sent to audit also in support of issues. The local audit should be required to cover review of the transactions of all the months.

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Purchase of non-stock articles, by obtaining quotations: The General Manager is requested to consider the Comptroller's suggestion.

Excesses over grants under purchases of stores: The General Manager may obtain a report from the Auditor on the excesses and have them regularised by competent sanction wherever necessary.

Codes - Paras 901, 904, 908, 924 etc., etc., M.R.C. Vol.I xxxx referred to by the Comptroller.

Revision of these paras may be considered in connection with the Code Revision work that has been taken up separately.

C.S. Ramaiah

Financial Secretary to Government.

To

The Comptroller to Government,
The Auditor, Mysore State Railway,
The General Manager, Mysore State Railway.